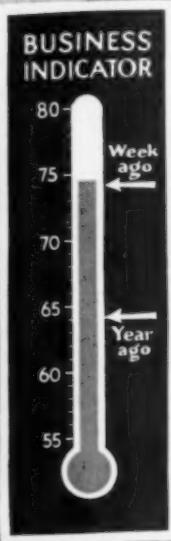


JUNE 20  
1936

JUN 22 1936

# BUSINESS WEEK



LE PITTSFIELD NEWPORT

McGRAW-HILL  
PUBLISHING  
COMPANY, INC.

**IS BEING PLEASURE**—Vacationists' dollars are swelling travel receipts — for train and plane fares and other room-time properties.

UNIVERSITY OF MICHIGAN LIBRARY

GENERAL LIBRARY

A. M. ARBOUR MICH

*Blazing new trails to profits with*



REPUBLIC  
**ENDURO**  
STAINLESS STEEL

Licensed under Chemical Foundation  
Patents Nos. 1316817 and 1339378.



ICE IN A HURRY  
WITHOUT FROZEN FINGERS

No more need you hold that tray of ice cubes under water to release them in a hurry. At least one manufacturer is now producing an ENDURO freezing tray equipped with a trigger for quick release of cubes. And the tray will last indefinitely—without corroding.



ENDURO HELPS ROOT BEER  
DISPENSERS OBEY THE LAW

In Savannah, Ga., a city ordinance requires that root beer mugs be washed in an acid solution. While this insures sanitation for drinkers of root beer, it corrodes and stains ordinary metals—but not ENDURO. So rinse tanks are now made of this stainless metal.

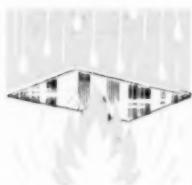
SCREENS OF ENDURO DEFY  
INSECTS, WEATHER AND STORAGE

Repainting—new screen wire—it's the same old story when screens are taken out of the storeroom and found to be rusted or corroded. Many home, apartment and office building owners are eliminating this yearly expense—with screen wire made of stainless ENDURO.



WHAT FISH WOULDN'T BITE AT  
A LURE MADE OF ENDURO?

Artificial bait made of ENDURO Stainless Steel is now being manufactured and used with success in luring the wary fish. It is immune to both salt and fresh water, and its everlasting shining surface helps to fill the string.



HEAT AND MOISTURE HAVE  
LITTLE EFFECT ON ENDURO

High humidity and constant temperature of 110 degrees F.—severe corrosive conditions in tobacco dry-kiln rooms that caused early failure in ordinary metal sheets used for walls. Even concrete cracked. But ENDURO, after a 2-year test, showed no sign of failure.



FORE! ENDURO ENTERS GOLF

There are a few natural-born golfers ideally adapted to this entertaining, educational and exasperating game. So is ENDURO Stainless Steel. Club heads made of it do not rust or tarnish—never wear out. Tee markers—in almost any desired shape—require no painting and are always visible.

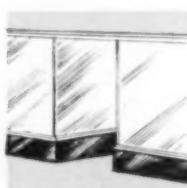
WHERE SAFETY HANGS BY A  
WIRE—USE ENDURO

If you were suspended in space over a canyon or river or in a mine shaft, you could always feel safe if the wire cable were made of ENDURO. This remarkable metal retains its high strength indefinitely—rust and corrosion cannot weaken it and cause failure.



HERE'S ATTRACTIVE MOULDING

In your home, office, store, theatre—or in your product—whenever bright, lustrous moulding will add that extra touch of beauty you have been seeking—use ENDURO Stainless Steel. It's available on wood base, in many styles—and it stays bright for a lifetime.



*For beauty, sanitation, corrosion-resistance, or heat-resistance—with high strength and long life—no matter what you make—consider ENDURO Stainless Steel, trail blazer to better products and bigger profits. Write for full information.*

Republic Steel  
CORPORATION

When writing Republic Steel Corporation for further information, please address Department BW.



GENERAL OFFICES—CLEVELAND, OHIO  
ALLOY STEEL DIVISION—MASSILLON, OHIO

## New Business

COMMONWEALTH EDISON of Chicago reports that air conditioning sales are breaking all records with May 1936 installations 50% more than May 1935, and piling up a total of 179 for the first 5 months. Restaurants lead the procession with 38 new installations. Scores for a few other contenders are: Private offices 29, general offices 23, residences 12. The 1,113 air conditioning installations either operating or being installed on the company's lines use 53,956 horse powers.

EMPLOYEE support for the corporation's products is the latest step in U. S. Steel's drive to increase sales. Posters in all plants ask the workers (nearly 200,000 are employed) if they are buying automobiles, new kitchen utensils, washing machines. If so, "ask if it is made of United States steel," the placards advise. Incidentally, these posters appeared just at the time bonus money was being distributed.

TEXTILE interests plan a year's drive to interest women and girls in the vanishing art of home sewing. Piece goods sections are headaches in department stores and merchandise managers are naturally interested. The National Retail Dry Goods Association and manufacturers' organizations are working on a possible program. Cost of the campaign would be \$250,000 to \$500,000.

ADD radio records: Since 1929 Procter & Gamble has been on the air almost without a break, has used 920 hours of network time. It currently broadcasts a record number of programs every week—eight of them, for Crisco, Chipso, Camay, Ivory soap, and Ivory Flakes. But to radio men the two most significant facts about P & G's amazing experience are (1) radio has been used just as much in the summer as in the winter; (2) 79.6% of all P & G's network expenditures have been made for daytime programs, where the chains are now perforce concentrating their sales effort. To these two points NBC's new promotion piece adds a third: of P & G's 920 network hours, 788 of them have been for NBC's facilities.

MUTUAL back-scratching as a sales policy is attacked by George A. Renard, secretary-treasurer of the National Association of Purchasing Agents, who declares that "carried to its logical conclusion reciprocal buying will bring artificially high prices, the elimination of small, efficient producers and a train of other uneconomic practices in its wake. Industry is already well along the road and traveling at accelerated speed toward such a condition at present."

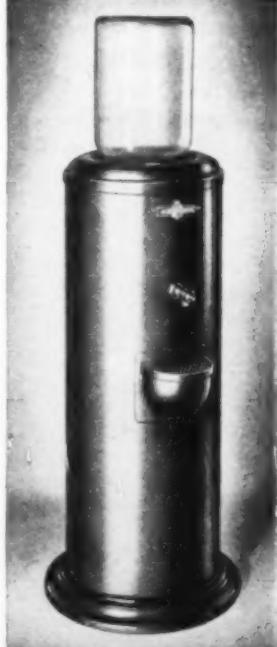
WHEN a relief project pays profits, it's news. About 800 relief workers have been making an 8-months checkup on retail liquor dealers under the supervision of the Bureau of Internal Revenue. Results—a decline in violations, according to the Bureau, education of dealers in the requirements of the internal revenue laws, and \$794,543.74 collected from the uneducated. Cost of the project—\$669,745.

FOR efficient and profitable coordination of its operations with the activities of irriga-

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**15¢ A DAY BUYS IT**  
**AS LITTLE AS 2¢ A DAY RUNS IT**  
**NEW LOW PRICE**

# FRIGIDAIRE WATER COOLER



**DRINK MORE WATER! FOR BETTER  
HEALTH • GREATER EFFICIENCY**

• You can enjoy all the advantages of this remarkable new cooler at a cost that is less than ice. 15¢ a day buys it... as little as 2¢ a day runs it. Cool, sparkling water in your office... always conveniently near... always just the right temperature for palatability and health.

This new Frigidaire Water Cooler offers sensational features of design, efficiency and economy never before available at such a low price. Unusual sanitary provisions, easy cleaning, fast cooling, Cold Control for temperature regulation, "Freon-114" the safe refrigerant, the famous Meter-Miser cold-making unit, and scores of other outstanding advantages.

Handsome design, bronze Duco finish. Harmonizes with all types of office furnishings. Available for either bottled water or city pressure connection. For General and Private Offices, Reception Rooms, Show Rooms, etc.

For descriptive folder and complete details, see your nearest dealer or write

**FRIGIDAIRE CORPORATION**  
 Dept. 62-63, Dayton, Ohio

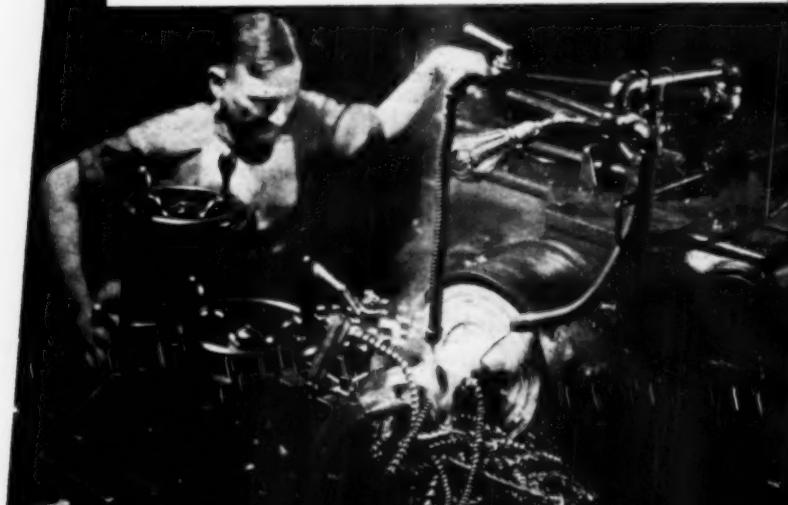
## YOUR MONEY OR YOUR LIFE!

• Spending money to modernize your plant isn't a matter of choice today—it's a matter of business life or death. Taxes and wage rates are up but prices cannot go up with them... Can you stand it—and pay more for materials into the bargain? Cut your costs. It's THE way to stay in business.

Warner & Swasey Turret Lathes cut costs in many ways. Three of those many ways are:

1. Less time per finished piece. In many cases 50% less.
2. Less down time for tooling and resetting. You and your operator both benefit.
3. Greater and more accurate production per hour. Less scrap loss, less dead overhead per piece.

Think how your factory-door cost would go down under the onslaught of these three improvements! Find out. A Warner & Swasey field engineer can tell you—and prove his figures.



**WARNER & SWASEY**  
Turret Lathes  
Cleveland

*Make This the Turning Point to Increased Earnings*

2

tors and government agencies in the power field, Idaho Power Co. of Boise, Idaho, received this month the 1935 award of the Charles A. Coffin Foundation, established by General Electric Co., "for a distinguished contribution to the development of electric light and power for the convenience of the public and the benefit of industry." With a gold medal, K. M. Robinson, president of the Idaho company, gets a check for \$1,000 to be deposited in the treasury of the utility's employee welfare association.

**JAMES O. MCKINSEY**, chairman of Marshall Field, is now also chairman of the American Management Association. Alvin E. Dodd, another widely-known merchandiser, moves up from the executive vice-presidency to succeed the late Col. Malcolm C. Rorty as president. Manufacturing industry's top man in A.M.A. will be Arthur H. Young, vice-president of U. S. Steel in charge of industrial relations, just named head of the management organization's executive committee.

**AMONG** the valuable features of *Rational Design* by Albert Farwell Bemis, published by The Technology Press of Massachusetts Institute of Technology as the third volume of an important series on housing, is an analytical survey of all plans developed here and abroad on prefabricated house structures. Interest in this subject is evidenced by the heavy demand for names of prefabricated house builders which *Business Week* has been filling over a long period.

**NEW YORK COCOA EXCHANGE** boasts that it has the only woman member of a commodity or security exchange in the country—Miss Gretchen Schoenleber, president of the Ambrosia Chocolate Co. of Milwaukee. On June 12, male members took time off to see her make "what is believed to be the first actual trade ever made by a woman on any trading floor in the country." It covered one contract (30,000 lb.) of December cocoa and a lot of swell publicity.

**THE AIR CONDITIONING MANUFACTURERS' ASSOCIATION** has recommended a standard form of warranty for use of members. Phraseology is not unlike that used by other groups of manufacturers of mechanical equipment but it recognizes the seasonal characteristics of the product involved by promising free replacement at the factory of parts found defective under conditions specified within one year of date of shipment. In other industries most guarantees are for 90 days only.

**COMMANDER E. F. McDONALD, JR.**, president of the Zenith Radio Corp., announces that his company is preparing for regular production of a new product, Zenith autophones. This device, acting like a two-way radio phone, permits person-to-person conversation between automobile, boat, planes, etc., through use of the services of any telephone exchange. First installations will go to pleasure crafts for ship-to-shore service. The equipment will be available for automobiles when the problems of Federal licenses and phone exchange services have been solved.

**BROOKE, SMITH & FRENCH**, advertising agents, are putting out a monthly index of business activity in 147 trading centers with supplementary data to show market-searching clients which areas make greatest gains and which are closest to normal, finishing off with a shaded map to answer the question, "Where's Business?"

**FOR SALE:** Old houses with a new wrinkle. Clarke & Kniskern, Inc., Philadelphia realtors, are now displaying properties furnished so that the prospective buyer can discern their livability. This method has been tried in "sample houses" in developments, but the practice is new in the "old-house" field. In-



## ★ IT WILL SOUND LIKE A CURE-ALL TO ALL THOSE WITH PACKAGING PAINS ★ ★ ★

It does not shrink ★ It does not stretch ★ It is not affected by humidity changes ★ It is not affected by temperature changes ★ It is waterproof ★ It is non-inflammable ★ It cements easily and permanently (actually a weld) ★ It does not dry out with age ★ It does not discolor with age ★ It is germ-proof ★ It is grease-proof ★ It has a perfect surface for multi-color printing.



Protectoid is a product of the Celluloid Corporation, founder of the plastics industry.

The products of the Celluloid Corporation, sole producer of Celluloid and certain related materials, reach the public in over 25,000 different forms. In introducing Protectoid, a product

of even wider application, we feel its source of supply and its features should be made known to many more people than has been the case with other Celluloid Corporation products.

### INNUMERABLE USES ARE SUGGESTED

The package designer whose ingenuity has been curbed by the limitations of other materials . . . the manufacturer whose product demands a window package that will never split or warp on his dealers' shelves . . . the merchandiser who visualizes a completely transparent rigid container for his wares . . . the retailer who is having the constant irritation and expense of broken packages or wrapping . . . all these have a vital interest in know-

ing how and where these new features in transparent packaging material can be secured.

Protectoid is as pliable as fine silk, as transparent as glass and available as thin as 88 hundred-thousandths of an inch (.00088") or as thick and rigid as desired.

### HOW TO GET PROMPT INFORMATION

Your specific questions will enable us to assign experts who can respond with constructive ideas that will save you valuable time. Please address all inquiries to the General Sales Offices of:

**CELLULOID CORPORATION**  
10 E. 40th STREET, NEW YORK CITY  
ESTABLISHED 1872  
Sole producer of Celluloid, Lumarith and Protectoid  
(Trademarks Registered U. S. Pat. Off.)



Abbott Laboratories . . .  
illustrates a transparent wrap of PROTECTOID over a bottle container.



Shorewood . . .  
illustrates the transparent wrap of PROTECTOID beautifully printed in colors.



American Chicle . . .  
illustrates a rigid transparent display container of PROTECTOID.



B. F. Goodrich . . .  
illustrates a transparent PROTECTOID window that can't warp or loosen.

IF YOU ARE WORKING ON A TRANSPARENT PACKAGE . . .

Get in touch with  
**CELLULOID**



Visit the Chesapeake and Ohio miniature model railroad, the largest in the world, at the Steel Pier, Atlantic City — during June, July, August, and September.

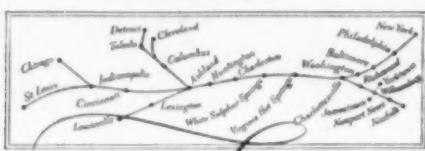
## America's Sleepheart INVITES AMERICA'S SWEETHEARTS

... to start a honeymoon aboard The George Washington! What a memorable wedding trip that will be . . . a ride on the most wonderful train in the world . . . a stay at one of the world's most romantic resorts — White Sulphur Springs or Virginia Hot Springs, chosen by brides and

grooms for generations. Chesapeake and Ohio Lines can be trusted with your secret — so why not confide in us? We'll be glad to help you make your plans — handle your reservations. Sleep Like a Kitten in genuine air-conditioned comfort! Arrive Fresh as a Daisy!

THE GEORGE WASHINGTON : THE SPORTSMAN : THE F.V.

*The ticket agent of any railroad can route you on  
The Finest Fleet of Genuinely Air-conditioned Trains in the World  
Insist upon it!*



**CHESAPEAKE and OHIO**  
Lines  
*Original Predecessor Company Founded by George Washington in 1785*

"A-L-L A-B-O-A-R-D The George Washington!" ST. LOUIS-Union Station; CHICAGO-12th Street Central Station; INDIANAPOLIS-Union Station; LOUISVILLE-Central Station; CINCINNATI-Union Terminal; WASHINGTON-Union Station; PHILADELPHIA-Pennsylvania R.R. Stations; NEW YORK-Pennsylvania Station.

cidentally, the prospect gets free interior decorating for the looking.

ASSOCIATED Grocery Manufacturers of America are out to curb the rapidly growing racket of food adulteration complaints. Mary Smith may find some noxious substance in a package of cheese and collect once, but if she brings the same charge a second time — well, the court may be persuaded that that's more than a coincidence. Over a period of years, A.G.M.A. has built up a file of over ten thousand such complaints. To discourage racketeers further, A.G.M.A. has just completed an arrangement to exchange such information with the Millers National Federation, the American Corn Millers Association, and the National Macaroni Manufacturers.

CANDY manufacturers are greatly exercised by Federal Trade Commission activity in preferring charges of unfair trade practice and lottery operation against those who sell their wares by means of punchboards. *The Manufacturing Confectioner* conducted a survey of package goods producers and found that 91% approved of the sales technique, estimating that it moved more than 75% of their wares. One manufacturer observes that "lumber camps, railroad camps, small eating houses, and cigar stands would become small outlets without boards."

No business, unless it be that of journalism, relishes books about itself more than advertising. Robert Tinsman, president of Federal Advertising Agency, caters to that market with his new "Advertising People and Copy Slants," published by Business Bourse.

"WE are the first in the purely industrial field to employ the use of radio as a medium for telling our story." Thus proudly does the Duff-Norton Manufacturing Co. of Pittsburgh announce its new three-times-a-week, evening show over station KDKA, "celebrating 55 years of service to industry" by Duff-Norton lifting jacks. Station owners are excited over this venture into a new market for radio facilities.

WITH 16 of its stores red-carded by the Fashion Originators' Guild and unable, at least theoretically, to obtain dresses from any of the Guild's 200 manufacturer-members, the Associated Merchandising Corp. has found a way to shortcircuit the boycott by developing its styling service and turning its business over to grateful non-Guild manufacturers. A.M.C. has imported more than two dozen models direct from Paris and exhibited them to cooperating dress producers, who are free to copy or adapt them and sell the resultant models any place they see fit. Buyers for other stores friendly to the A.M.C. cause are invited to attend these showings.

MANUFACTURERS of building materials and equipment have used the temporary Manufacturers Housing Display Council as a springboard for launching a permanent organization which is to be known as the Manufacturers Housing Promotion Council. First job of the new outfit is to conduct a nation-wide campaign for better housing. Russell G. Creiston of Crane Co. is chairman, Marshall Adams of American Radiator Co., vice-chairman. Companies that have already joined up are: American Radiator, Barrett Roofing, Crane, General Electric, Johns-Manville, Standard Sanitary, U. S. Gypsum.

"IN the swank Edgewater Beach Hotel in Chicago, bedbugs, cockroaches, fleas, ants, mosquitoes and germs —" is one way to begin an announcement of the subjects of discussion at a semi-annual convention of the National Association of Insecticide and Disinfectant Manufacturers, but we bet the Edgewater Beach management didn't think its convention guests were very funny.

# Washington Bulletin

WASHINGTON (Business Week Bureau)—Democrats at Philadelphia will adopt promise dictated by President Roosevelt that it will fight for its social and economic goals within Constitution. Words will be soothing to business, but it should always be remembered that Democrats count on three or four Supreme Court appointments during Roosevelt's second term—not enough for NRA, but enough for most of the other outlawed experiments. Whole tendency will be to win approval of country for aims before raising any question of change in Constitution. They don't even want to follow Landon pattern of "change if necessary."

## On the Tax Job

Roosevelt's determination, once he starts for objective, is again demonstrated on tax bill, as it was on "death sentence" for public utility holding companies last year. Senate willingness to accept so much of House idea, despite general preference for Senate version on part of nearly all Administration officials save Roosevelt and Oliphant, and despite sharp attack on House measure by former Head Brain Truster Moley, proves "Papa" —as he calls self when insisting he must have last word—is still on job.

## Uplift—Not Business

Utilities whose Washington activities brought up anti-lobbying bill will find little comfort in House refusal to accept conference report. Concern for "uplift" groups—Townsend, Coughlin, et al—not business interests, prompted surprise, overwhelming turndown of Senate amendments.

## Patmanite Boomerang?

Opponents of price-discrimination bill find some consolation in possible embarrassment of wholesalers who ghosted original Patman bill and fought hard for its enactment. Without customer classification provision, ditched in conference, and with all discounts put on quantity basis, they may lose some discounts which they have been getting—just because they were wholesalers and irrespective of size of orders.

## Alcohol Politics

Severance of Federal Alcohol Administration from Treasury is sequel to curious tale of seamy side of politics. Treasury Secretary Morgenthau never wanted FACA. Administrator Choate wanted it independent. But Choate had denied so many Congressmen special favors for constituents that House forced his bureau on unwilling Morgenthau, knowing Choate would resign, and perhaps way might be opened for special

## COSTLY CONSERVATION

*Administration cost is secret worry of soil conservation experts. They fear if expense facts become known adverse reaction will endanger whole program. Figures are being kept dark and means of simplifying supervision sought.*

favors. Choate now being out and Morgenthau unchanged there's not a ripple of opposition this year to doing what Choate wanted last year.

## Complete Miss

New Orleans Circuit Court slap at national labor relations act is notable chiefly in that it was first court action initiated by Board, which went far afield, and also far astray, in search for New-Deal-minded judges. Employers have taken many board decisions to court, will continue to do so until Supreme Court speaks.

## By Hook or Crook

Court or no court, Public Works Administrator Ickes intends to punish those who ignore National Labor Relations Board orders. So he rules out Jones & Laughlin from government contract on very point which Circuit Court had just knocked out.

## Transportation Tipoff

To Senator Wheeler's railroad finance investigating committee, which has been more or less at loose ends, former Transportation Coordinator Eastman suggests that, to get slant on Van Sweringen ramifications, it should look into affairs of Chicago Great Western, Lehigh & New England, Denver, Rio Grande, and Western Pacific. As for Pennsylvania he suggests scrutinizing relations with Seaboard Air Line, Boston & Maine, and Maine Central.

## Outline for Power Attack

Possible basis for suits by states against federal government on big power developments is hinted at in innocuous-looking plank of Republican platform: "We favor the construction by the Federal Government of head-water storage basins to prevent

floods, subject to the approval of the legislative and executive branches of the government of the states whose lands are concerned."

## Mistaken Motive

Lumber industry, divided on most legislative proposals affecting it, notably tariffs, gets unexpected aid and comfort as Commerce Department tells public it errs in specifying other materials simply in interest of forest conservation, because timber growth far exceeds drain, and lack of use becomes waste of natural resource.

## Sidestepping Trade Jams

More fruit and less pectin—thickening to you—in preserves, jellies, and jams is one objective of new fair trade rules which Federal Trade Commission will probably approve at solicitation of National Preservers Association. Rules are aimed at tightening up strings on selling, advertising, and labeling, though in several respects they aren't as tight as Food & Drug Administration wants them.

## No Setup in Senate

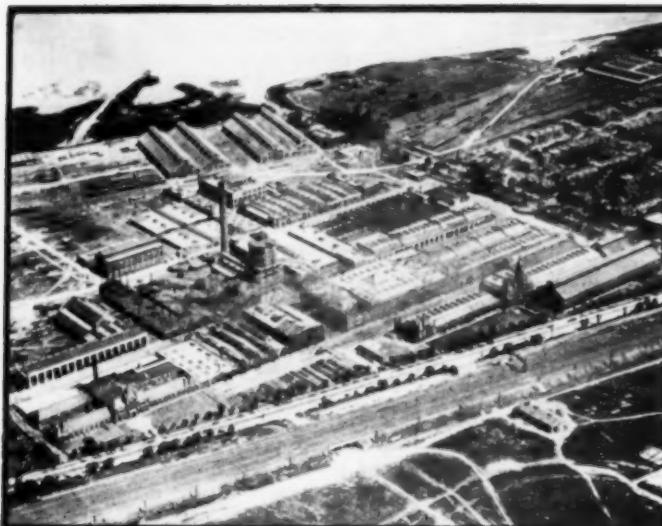
With Senator George of Georgia denouncing New Deal spending, hitting idea there is no limit to government appropriations provided purpose is worthy, and with Senator Copeland unwilling to say he will vote for Roosevelt, next Senate may prove recalcitrant even if Roosevelt is re-elected. Meanwhile, Senators Glass, Byrd, Tydings and Adams have quieted down for campaign.

## Even up on Boners

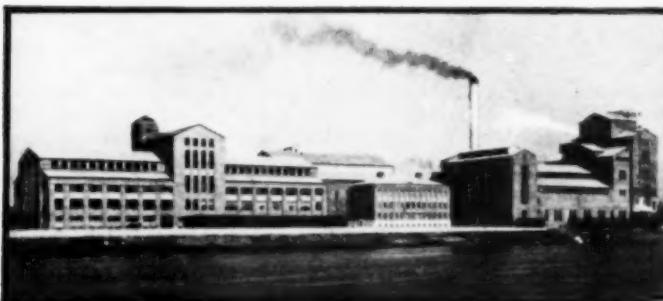
Republican "Typical Prairie State" Clubs are being organized in Montana. Which revives interest in first bad publicity slip of New Deal. Curious thing is speech was carefully edited by Steve Early at White House, and objectionable paragraph eliminated. Farley's stenographer put it back in, with or without orders according to whom you believe. But then William Allen White, typing syndicated article atop Landon bandwagon, ties score with bad boner. John Hamilton, he says, in raising money for Landon "wandered in and out of higher income tax brackets on lower Broadway." God save us from our friends!

## Farm Vote Issues

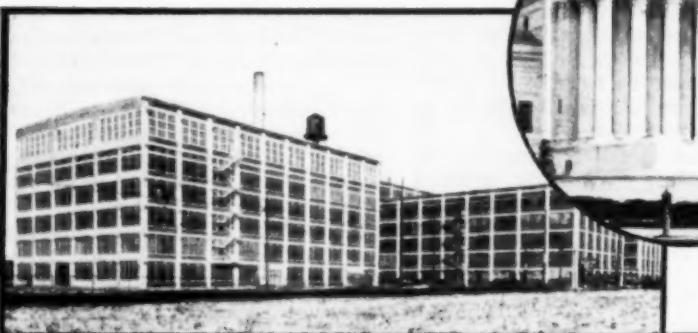
Extravagance and bad handling of relief are twin rocks on which Republicans aspire to wreck New Deal support in agricultural states. Benefit payments, tremendous in aggregate, break down in most individual cases to disappointing sums. Against them will be matched traditional farm fear of high taxes, difficulties of hiring labor away from relief rolls, etc.



Pullman cars were first equipped with Crane materials in 1865. Crane plumbing fixtures and valves and fittings are supplied in large quantities for the Pullman car of today. Crane valves and fittings are also supplied for the shops, one of which is pictured above, where these cars are built.



The recently completed distillery of Hiram Walker & Sons, Inc. depends on Crane valves, pipe, and fittings for its power house, all steam equipment, and all liquor lines.



Extensive recent additions to this plant of the Olson Rug Co. have required a lot of Crane valves. For many years this company has been a consistent user of Crane products in its maintenance work.

In this new Sheehan Pumping Station of the Memphis Water System—one of the largest air lift type water works in the U. S.—Crane valves are used on all high- and low-pressure air and steam lines.



# A GOOD SIGN OF THE TIMES

...this demand  
for CRANE quality

Crane Co. supplies valves, fittings, fabricated piping, plumbing and heating materials to the whole range of American industry and construction. To convey and control fluids—steam, water, air, gas, oil—is the function of Crane products and has been for 80 years. They have gone through the perfecting process of time and service as well as the testing laboratory. Industry recognizes their quality by its unquestioned preference for them. When a plant builds for the future—for the long pull—it builds soundly. The quickened demand for Crane products throughout America is a good sign of the times. Industry is again building from bedrock toward a secure future, its piping fortified with Crane quality.

# CRANE

CRANE CO., GENERAL OFFICES: 836 S. MICHIGAN AVE., CHICAGO, ILL.  
NEW YORK: 23 W. 44TH STREET  
*Branches and Sales Offices in One Hundred and Sixty Cities*  
VALVES, FITTINGS, FABRICATED PIPE, PUMPS,  
HEATING AND PLUMBING MATERIAL

Crane Co. supplied the plumbing fixtures in the new U. S. Supreme Court Building.



Two new Standard Oil tankers launched this Spring required many Crane products—from a carload of cargo valves to the necessary plumbing fixtures.

# BUSINESS WEEK'S INDEX OF BUSINESS ACTIVITY



## BUSINESS WEEK INDEX

### PRODUCTION

	Latest Week	Preceding Week	Month Ago	Year Ago	Average 1931-35
★ Steel Ingot Operation (% of capacity)	70.0	69.5	69.4	38.3	38.7
★ Building Contracts (F. W. Dodge, daily average in thousands, 4-wk. basis)	\$8,668	\$8,491	\$9,068	\$4,898	\$6,209
★ Bituminous Coal (daily average, 1,000 tons)	1,091	1,260	1,143	1,442	1,031
★ Electric Power (million kw.-hr.)	1,990	1,945	1,962	1,743	1,601

### TRADE

Total Carloadings (daily average, 1,000 cars)	116	118	111	105	102
★ Miscellaneous and L.C.L. Carloadings (daily average, 1,000 cars)	76	74	74	65	69
★ Check payments (outside N. Y. City, millions)	\$3,752	\$4,152	\$3,804	\$3,432	\$3,294
★ Money in Circulation (Wednesday series, millions):	\$5,937	\$5,953	\$5,888	\$5,493	\$5,307

### PRICES (Average for the Week)

Wheat (No. 2, hard winter, Kansas City, bu.)	\$89	\$91	\$93	\$89	\$75
Cotton (middling, New York, lb.)	11.84¢	11.79¢	11.71¢	11.90¢	9.46¢
Iron and Steel (Steel composite, ton)	\$32.77	\$32.81	\$32.94	\$32.41	\$30.79
Copper (electrolytic, Connecticut Valley basis, lb.)	9.500¢	9.500¢	9.500¢	9.000¢	7.887¢
All Commodities (Fisher's Index, 1926 = 100)	82.3	81.2	81.0	82.3	70.3

### FINANCE

Total Federal Reserve Credit Outstanding (Wednesday series, millions):	\$2,471	\$2,489	\$2,469	\$2,472	\$2,057
Total Loans and Investments, Fed. Res. rep'tg member banks (millions):	\$22,163	\$22,148	\$21,820	\$19,834	\$19,333
★ Commercial Loans, Federal Reserve reporting member banks (millions):	\$5,156	\$5,140	\$5,101	\$4,918	\$5,856
Security Loans, Federal Reserve reporting member banks (millions):	\$3,421	\$3,486	\$3,257	\$3,145	\$4,474
Brokers' Loans, Federal Reserve reporting member banks (millions):	\$1,325	\$1,392	\$1,177	\$1,019	\$1,033
Stock Prices (average 100 stocks, <i>Herald-Tribune</i> )	\$117.40	\$115.82	\$115.00	\$102.30	\$99.74
Bond Prices (Dow, Jones, average 40 bonds)	\$102.67	\$102.37	\$101.93	\$95.33	\$88.27
Interest Rates—Call Loans (daily av'ge, renewal) N. Y. Stock Exchange	1%	1%	1%	1%	1.3%
Interest Rates—Prime Commercial Paper (4-6 months) N. Y. City	1%	1%	1%	1%	1.7%
Business Failures (Dun and Bradstreet, number):	172	168	206	222	384

\* Factor in Business Week Index \*Preliminary †Revised. ‡New series.

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*Business Week*

# Burroughs

## SHORT-CUT KEYBOARD



**EASY TO  
OPERATE**



Skilled operators prefer Burroughs short-cut keyboard because its automatic features and other advantages permit so many short-cuts to fast operation.



The business man appreciates the utter simplicity and easy operation provided by the Burroughs short-cut keyboard.

Speed comes naturally and without effort on the Burroughs short-cut keyboard.

① Because all ciphers print automatically—thus saving approximately one-third of the work. ② Because only one motion is required to add, to subtract, or take a total—thus eliminating needless motions. ③ Because often two or more keys may be depressed at one time—thus writing the entire amount in one operation. These and other advantages of Burroughs short-cut keyboard are described and illustrated in an interesting new booklet. For your copy, telephone your local Burroughs office or write direct.

**BURROUGHS ADDING MACHINE COMPANY, DETROIT, MICHIGAN**

**ADDING, ACCOUNTING, BILLING AND CALCULATING MACHINES  
CASH REGISTERS • TYPEWRITERS • POSTURE CHAIRS • SUPPLIES**

# The Business Outlook

UNCLE SAM staged the biggest pay-off in history this week when he closed (or so he hopes) the case of the World War veterans against the Treasury. Merchants everywhere are counting on a substantial sales boost this summer from the nearly \$2,000,000,000 bonus distribution. Men's clothing and home furnishing divisions are especially hopeful, while automotive dealers see a chance to reduce stocks of used cars or sell new ones.

Meanwhile our index has moved up to a new high for the year. Steel mills are still busy grinding out orders coming from a wide variety of sources and see little chance of finishing up business by the end of June. Hence a good carry-over of orders to July is looked for. Heavy construction contracts this week hit the second highest level of the year, chiefly under the impetus of public building jobs.

## Electric Power at Peak

Electric power production is giving an extraordinary summer performance, jumping last week to a new high for the year, and coming close to the all-time record established for the week ending Dec. 21, 1935. It will be several weeks before the real explanation of this bulge can be ascertained, but judging from the record of the first four months it is industrial activity rather than domestic consumption that accounts for the boom in power. April returns, just out, credit industrial demand for power at 3,842,073,000 kw.-hr. out of a total of 7,069,427,000, which is the highest volume for any month since October, 1929, and 15.5% better than a year ago. Domestic demand has been on the wane since the January peak, and will probably decline until August.

## Up Go Carloadings

Carloadings are within sight of the 700,000 mark despite the fact that coal loadings have been running below the levels of last year when a coal strike threat created an out-of-season rise. Reduction of surcharges on coal, coke, and iron ore made in the six months' extension of emergency rates may be offset by greater shipments of these items later this year. Coupled with a vastly improved outlook for grain loadings (Kansas winter wheat output is now placed at 130,000,000 bu. against 60,000,000 last year), the roads can safely bank on the best year since 1931, with respect not only to carloadings but to earnings.

## Borrowers Finally Appear

Not only are there somewhat stronger indications of business borrowings for plant expansion and im-

## CAPITAL EXPANSION

*Corporations are gradually entering capital markets for new money for the purchase of plant and equipment. While in the first quarter only 2.8% of the total dollar volume of issues registered with the Securities and Exchange Commission, or \$24,812,054, was definitely allocated for this purpose, the April returns recently released show that 6.1% of the month's capital requirements, or \$36,094,233, was destined for plant development. First four months' total of \$60,906,287 compares with \$46,236,476 for the whole of 1935. The total, however, is still small.*

provement, but there now appears greater willingness to draw upon the banking system's ample credit reservoir for current requirements. Commercial loans now stand at the high point of two and a half years, having expanded \$314,000,000 in 101 cities since the end of February.

## Rise in Cotton Cloth

Drought scares in May and June are often discounted by seasoned traders, but the recent threat to cotton encouraged mills in the Southeast particularly to reconsider prices at which they were selling cloth and to raise them a bit. Buying enthusiasm revived surprisingly, with enough business booked to keep mills running fairly actively during the summer months.

## Rayon Does Well

Rayon mills are also doing a good volume of business after setting a new record last year. Viscose producers have boosted prices, seeing that demand was strong and production had a setback in the recent flood weeks. Earlier this month, producers of cut rayon staple reduced prices, partly to offset Japanese competition and partly

to broaden the market. Because of its wooly characteristic, cut rayon is being used more extensively with wool and cotton fibers for men's suits, upholstery, drapery, and knitted wares.

## Silk Is Uncertain

A boost in rayon prices is always favorably received in silk circles. Consumption of silk has been running 18% below last year despite the steady decline in prices. Prices rallied recently only to find silk consumers suspicious of the bulge. Hosiery makers, major silk buyers, are curtailing output in view of the poor earnings.

## Gains in Building

Only residential contracts were able to better the totals of the preceding month in May, and the first five months' volume in 37 states east of the Rockies has reached \$261,240,000, a 65% gain over the same months of 1935. Non-residential building awards rank first in importance this year with \$410,870,800, a gain of 106% over the first five months of 1935, while public works and utility contracts reached \$324,412,800, a gain of 70%.

## Refrigerators Hit High

Electric refrigerator manufacturers are crowing over their success in breaking the 300,000 mark in shipments of household models in April, probably the peak month of the year. Sales in the first four months exceed those of the entire year 1929. Percentage gains over last year have been shrinking since January for such household appliances as refrigerators, washing machines, ironers, ranges, and oil burners, but the first four months' gains as a whole are still substantially ahead of the same months of 1935, pointing to new records for the year.

## Labor Strategy

Recent developments in labor circles have steel executives obviously worried. Company unions are displaying more than customary vigor in demanding both wage increases and changes in working conditions. Outside unions met this week to plan their organization strategy. Attempting to keep two jumps ahead of the unions, steel mills recently acquiesced in the demand for vacations with pay, and now appear willing to consider wage increases.

## Farmers Buy Autos

Returns on automobile sales from rural areas for May forced an upward revision in estimates of passenger car sales to 370,000. With bonus money now available, dealers think even June returns will show some surprises.

# “\$15,000 Spent Once Saves \$15,000 Each Year”

THIS saving resulted from a manufacturer's seeking to eliminate a sandblasting operation. Sandblasting was necessary to remove from small, but important, castings the scale formed with ordinary methods of annealing.

General Electric sales engineers, whose assistance was requested in the solution of this problem, recommended an investment of \$15,000 in a mesh-belt electric furnace. Their recommendation was adopted. Now the castings are annealed in a nonoxidizing atmosphere and come out clean and bright. Gone is the scale, and gone is the sand, and with them an annual expense of \$15,000. Moreover, this new annealing process has resulted in a definitely better product.

General Electric engineering advice has helped thousands of industrial purchasers to realize savings through the use of the right kind of electric equipment.

Dependability is difficult to include in specifications, but easy to get if you insist on General Electric equipment.

Have you inspected your plant recently with an eye to improvements that might help you make more money? General Electric sales engineers will gladly co-operate with your organization or with consulting engineers in assisting you to obtain increased profits through the solution of electrical problems. Their services can be obtained by writing to the nearest G-E sales office or to General Electric, Schenectady, N. Y.

170-46

**GENERAL**  **ELECTRIC**

# BUSINESS WEEK

JUNE 20, 1936

## This Travel Business

**25% gain expected this year, and many states are holding fairs and advertising their attractions. U. S. is asked to coordinate these efforts.**

SCHOOLS are out. Camps have opened. Railroad fares are down. Roadside stands are stocked for business. The 1936 travel season is on.

It's going to be a big year. Travel officials vary in their estimates of the business, but they are universally optimistic. Montana, for instance, had more than a million and a half visitors last year and looks for a 50% gain this summer. The six New England states entertained 2,700,000 outsiders in 1935, coaxed them to spend \$425,000,000 in Yankee territory, and expect a 30% gain for 1936. Texas failed to keep a record last year, but is spending half a million this year advertising the Centennial celebrations and is looking for more than 10 million visitors. *Business Week* finds that national park authorities, railroads, hotels, and tourist camps are looking for a 25% gain this year.

Everyone benefits from tourist spending. Boarding houses in the Black Hills have a full table. Gasoline stations on cross country trails do a thriving business. And the nomad pays the bill.

### Where Tourist Dollar Goes

The Detroit Convention and Tourist Bureau has its own breakdown of tourist spending. The travel outfit—from lipstick to golf clubs—takes 26¢ out of each travel dollar, restaurants 21¢, and hotels and tourist homes 17¢. About two-thirds of the travelers drive their own cars, so another 12¢ goes for gas and oil. The average nomad allows about 9¢ out of his dollar for theaters or some other form of amusement. Special transportation takes 7¢, and taxis and buses get 3¢. Candy and knicknacks use up the remaining 5¢.

Other parts of the country have estimated the dollar value of the tourist from different angles. Florida, for instance, found that visiting motorists paid \$2,575,000 in gasoline taxes.

New Mexico, increasingly aware of its tourist attractions, estimated that gasoline taxes last year amounted to \$1,154,000. This was \$119,523 more than in 1934, the excess being more than twice the amount the state appropriates for advertising.

California estimates that tourists left \$192,054,900 in the state last year. New York collected around \$200,000,-

000 from ski devotees, visiting ocean voyagers, and Adirondack campers. Virginia estimates its travel business at \$81,000,000, Colorado at something over \$21,000,000.

Fifteen states are using funds ranging from \$4,000 to \$500,000, and appropriated by the state legislatures, to advertise themselves this year. The total allotted from taxpayers' money to bring more business to the states amounts to a bare \$1,000,000. This is nothing in comparison with the advertising appropriations of hotel associations, railroads, and individual communities, but it indicates the growing realization of the importance of the business.

Perhaps it was the success of Chicago's Century of Progress exposition, perhaps it is the recovery of business, which has revived old travel habits—certainly individual states have been going after the tourist business on a big

scale in the last two years. Since 1934, New Mexico, Montana, Oregon, Wisconsin, Texas, Pennsylvania, and New York have made their first appropriations from state revenue to advertise for tourists. The New England states, Kentucky, and Wyoming are old-timers at the game.

New Mexico started its new push for tourists by appropriating \$36,000 in 1934 to publicize the state. It is just a little more than a year since New York created its Bureau of State Publicity at Albany, and set aside \$100,000 for its first year's work. The Wisconsin Conservation Department was authorized this year for the first time to spend \$50,000 making the state's vacation attractions known beyond its borders.

### Texas Tops Them All

Texas tops the list of all the states with an appropriation this year of \$500,000 to publicize the Centennial—and Texas. The New England states have provided their central Recreational Development Committee with \$100,000 for advertising this year. Oregon inaugurated a state-financed program this year with an appropriation of \$50,000.

Almost every advertising medium is



**FARE REDUCTIONS HELP**—Many persons who reached vacation time without enough money to take a trip, under the old rates, now find that the 2¢-a-mile fare introduced by the railroads helps solve the financial problem. And those who could afford trips, anyway, are able to cover a much longer route, for the same money.



**100 MILLION MILES OF FLYING**—United Air Lines signalized the flying of its 100th million mile this week by dispatching a triple section (above) on one of its 11 Chicago-New York flights. United has carried 775,000 passengers, 17,000 tons of air mail and 4,651,000 pounds of air express—record which Jack Knight (veteran United pilot, in photo at left) helped make. Knight is being congratulated on his own 2,000,000 miles by E. S. Gorrell, head of Air Transport Association of America, and D. B. Colyer, vice-president of United Air Lines (center).

*Business Week*  
year, up to May 31, they carried 119,054 lb. of express against 72,552 lb. for the same period in 1935.

T.W.A. is playing a lone hand in express. All the other lines have united in a hookup with the Railway Express Agency and are using the rail lines as feeders and distributors at both ends and along the line. But T.W.A. has an independent express service, the General Air Express.

It all goes back to an old fight. Back in 1928 the Railway Express Agency first began forwarding fast shipments by an air-rail combination. Next year Transcontinental Air Transport started air-rail passenger service. But pretty soon they could make the full coast-to-coast trip by air and the overnight transport by rail was discontinued. Several years later a General Air Express Committee was organized by seven air lines, that adopted uniform waybills and began to route over each other's lines and to promote the business. Postal Telegraph was used for pickup and delivery.

#### Railway Express Moves In

Railway Express Agency, which had been so inactive that it had been accused of trying to throttle air express in the interest of rail traffic, then went into action and made a new setup with the other lines, including United. But there was not enough business for both systems and finally in February, 1936, they were merged with Railway Express acting as feeder. Railway Express had already made a ten-year contract with Pan American Airways. Only T.W.A., successor to T.A.T., is now not in the group.

Back when the fight was hot between the Railway Express and General Air systems, this all-express plane idea was tried out. A company called Air Express, Inc., was organized and put on a coast-to-coast service, carrying no passengers and making no intermediate stops. But they lacked adequate pickup and delivery support and folded up in a few weeks. T.W.A. has this experience to guide it.

being used. Before June 30, New England will have sent its invitation to millions of readers of national magazines, and of newspapers published outside the area. In addition, there are 13 weekly broadcasts over NBC.

For the benefit of the New England travel crowd and guests, the New England Council has prepared a calendar of the major events for the entire summer, with probable attendance at each.

New Mexico rates the entertaining of travelers as the state's biggest business. There were five times as many transients as residents last year. Advertising has been carefully planned. Twelve advertisements were run in 56 newspapers in 12 states, and another series was carried in 15 magazines. These, and three radio broadcasts from a Dallas station, brought inquiries from every state, and from 45 foreign countries, including 16 from Cuba, 17 from England, 10 from Brazil, 114 from Canada, 2 from India.

#### All Over the Map

Special attractions this year are numerous and scattered. The Texas Centennial is expected to attract the largest number of visitors. New York is featuring Long Island's Tercentenary, and the 50th birthday of the Statue of Liberty.

Washington will get its biggest boost during the Shrine convention, but will also feature Fleet Week. Utah's big show is Covered Wagon Days. Colorado is playing host to the air races. California has reopened the San Diego exposition and expects to draw a good many travelers by way of Texas. Formal accommodations at Yellowstone are available from June 20. In addition, Wyoming is advertising its dude ranches and famed Indian dances.

Harvard University invites the people of the United States to visit Cambridge this summer during the celebration of the 300th anniversary of the founding of the university. Cleveland's Great Lakes Exposition opens June 27.

The fact that at least 15 states have already appropriated funds to advertise their tourist attractions and that in two others—New Jersey and Washington—bills have been introduced in the state legislature to provide a centralized travel promotion office and an advertising fund indicates that this country is becoming conscious of the dollar value of the travel business.

#### Coordination Commissions

Canada, Mexico, and the principal countries of western Europe have dignified travel by creating a special ministry to coordinate the business. A bill was introduced in Congress last year to create a Travel Commission which would do for this country as a whole what foreign governments are doing. Nothing has happened yet but in the big travel bureaus there is a feeling that something will be done soon in Washington to coordinate the efforts which up to date have been left to individuals and the states.

#### All-Express Planes

**T.W.A. plans to start through shipments from coast to coast. It's playing a lone hand.**

NEW competition in coast-to-coast express is starting in the air. Transcontinental and Western Air, Inc., within the next few months will launch a service in all-express planes.

Meanwhile they are working on the problem of balancing their volume. West-bound express greatly exceeds east-bound at present and they will try to stimulate the shipment of flowers and other perishable products grown on the Pacific Coast. They expect to utilize older equipment for express traffic. This

# Shakeup in Selling Practices

**Patman-Robinson anti-price-discrimination measure compels readjustments in many lines. Chains and manufacturers consider ways around discount restrictions, ponder court actions.**

"THE enactment of this law will require all coffee roasters and distributors to review in detail their merchandising and customer policies. . . . Members should re-examine carefully their quantity discount scale with a view to making sure that the size of the discounts is defensible in relation to savings in cost of manufacture, sale, or delivery."

"Wholesale grocers should be cautious in attempting to interpret the measure without the advice of their own attorneys."

Thus, from hundreds of trade association offices throughout the country this week, issued analyses and interpretations of the Patman-Robinson anti-price-discrimination measure, suggestions and warnings couched in language that left little doubt of the widespread alterations which the enactment of this amendment to the Clayton act will effect in marketing operations.

While many manufacturers, brokers, jobbers, wholesalers, and chain stores were moving even this week toward new methods of doing business, the changes which the law will compel will not be consummated in any very near future, partly because preservation of the existing competitive balance dictates deliberate and well-calculated action, more particularly because no one will know for a good many months to come precisely what the law requires or permits, or to what degree and in what direction it will be enforced.

## "Little Man" in Saddle

There are no less than half a dozen critical provisions which must inevitably be clarified by the courts. As for the enforcement outlook, trade interests are generally agreed that group pressure will be the controlling factor. In other words, those industries in which independent forces have campaigned for such a law—notably in foods, drugs, tobacco, hardware, and electrical equipment—will be the ones in which its operation will be most keenly felt.

True, the law will cover every commercial transaction in the nation's two million businesses, but prosecution activities of the Federal Trade Commission and the Department of Justice will be largely dictated by the continuing pressure of the "little man" interests. FTC may be expected to play ball with them in much the same way as it has helped the National Wholesale Drugists Association secure a marked degree of price and discount stabilization under

that association's fair trade conference agreement.

Hence, in many industries it will be a case of "business as usual" and such changes as are made in discount schedules will be only perfunctory. But where mass buyers—corporate and voluntary chains, mail-order houses, and department stores—handle an appreciable proportion of the total output, frequently half or more, some significant changes impend.

Rather than resolving the differences between big and little buyers, passage of the act has only served to accentuate them, and manufacturers will increasingly be forced to choose between them,

to distribute goods through one channel or the other. Disregarding questions of the legal import of specific provisions and considering the law only in terms of its broad implications, marketing analysts are agreed that this factor of customer selection is apt to be one of the most important developments resulting from the act. If a manufacturer is compelled to treat all his customers alike, as the law generally requires, he is naturally going to see that his customers are as much alike as possible—either all big or all little.

## Sharpening the Issue

Already, trade conditions are forcing this shift. The independents, flushed with their success in forcing through the legislation, are immediately demanding more liberal discounts and allowances, and chains are firmly insisting that their differentials be maintained. Particularly will chains resist any narrowing of that differential such as would result if they were compelled to pay their share of the high overhead which a manufacturer incurs in handling small accounts and in providing credit and sales services for them which are of no benefit to the big buyer. And this is precisely what the law, as interpreted by both Senate and House committees, contemplates, though the courts may not agree.

Carried to its logical conclusion the trend toward selectivity will find a growing number of manufacturers processing goods not only for big buyers as a group but even for a single big customer. Framers of the legislation hoped it would provide an even better brake on private-brand competition than that of the old Clayton act, which the Federal Trade Commission is now trying to make hold in the Good-year-Sears case, but if mass distributors cannot secure the necessary price concessions on private-brand goods from manufacturers who sell competing lines through the other channels of trade, they can at least go into the manufacturing business themselves, either directly or by proxy, *i.e.*, by taking a manufacturer's entire output. Joint excursions into this field by several large distributors is not an unlikely development, where the volume of a single distributor is insufficient to justify such enterprise.

## National Advertisers on Spot

Hence, as a result of these developments, the gap between prices at retail as quoted by small merchants and mass distributors on a number of lines may even be widened, contrary to the former's expectations. Manufacturers of nationally advertised goods who must sell through the traditional old-line outlets are particularly apt to find themselves in a tough spot, subjected to increasing competition of private brands.

For the more immediate present,



*Wide World*  
**UNDER FORCED DRAUGHT**—Day and night the national capitol hummed with activity this week, as Congress pushed toward adjournment. Photo shows conclusion of an overtime session, with a crowd of tired, hot legislators and spectators pouring out of the doors.

manufacturers, who naturally don't want to lose their big customers, and chains, who don't want to forsake the fast-moving, nationally known brands, are considering ways and means of getting around the law. One such device is the cooperative brokerage house. Manufacturers are forbidden by the measure to pay brokerage to a buyer or his agent, either direct or indirect, "except for services rendered." Whether that phrase in itself opens a legal loophole is something the courts will have to decide, but in the interim big buyers are studying the possibilities inherent in the last section of the act which provides that "nothing . . . shall prevent a cooperative association from returning to its members, producers, or consumers the whole, or any part of, the net earnings or surplus resulting from its trading operations." Under this provision, chains think they can establish cooperative brokerage houses and retain, in the form of proportionate rebates, the brokerage fees which many of them now get direct.

Establishment of separate advertising

and sales services organization is another move which has interesting possibilities. The act requires a manufacturer to distribute service allowances on proportionately equal terms, even though buyers, because of differences in store location and sales organization, may not be able to render anything like proportionately equal service. If manufacturers, either individually or jointly, established separate organizations and paid them to handle point-of-sale promotion, it is argued that they could through this machinery legally pass on allowances to their best customers approximately as at present.

#### Speculate on Indirect Buying

Chains are also speculating on the advantages of indirect buying offices which might be able to obtain exemption from the act by virtue of purely intrastate operations. Thus if a separate California corporation were to purchase a chain's citrus fruit requirements, it could legally obtain—or so it is argued—all necessary price concessions from suppliers within the state and sell its entire purchases to a single chain with little loss of the buying advantages which the chain now enjoys.

Finally, manufacturers and large buyers are pinning heavy hopes on their chances in the courts. How far can the exemptions granted for differences in grade or quality and for changing conditions affecting marketability be stretched? Is the power given the Federal Trade Commission to fix limits on quantity discounts an unconstitutional delegation of power or in violation of the "due process" clause? What will the courts say about the inconsistency between Sections 2 and 3 of the act?

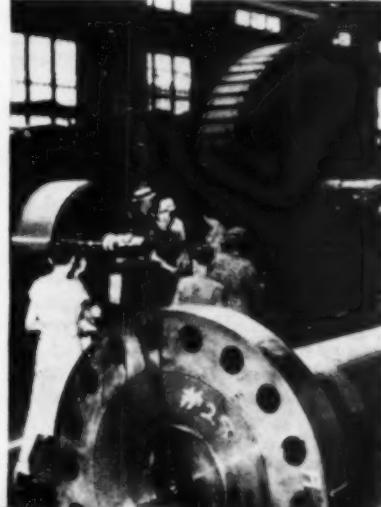
Section 2 forbids price variations, except for differences in grade and quality, and provides that quantity discounts shall make only due allowance for differences in the cost of manufacture,

sale, or delivery resulting from the differing methods or quantities in which commodities are sold. But Section 3, forbids discounts which are not given to competitors who buy goods "of like grade, quality, and quantity." Since there is no further qualification in this section, which was part of the original Borah-Van Nuys bill, manufacturers argue that legally any difference in quantity may be used to justify any difference in price. Until the issue is finally litigated, several trade groups are urging their members to lump all allowances and commissions in with quantity discounts.

Regardless of whatever techniques chains may develop to preserve their buying advantages, trade interests are agreed that the average costs of distribution will be increased by the act. Mass distributors' ventures into producing for their own needs and manufacturers' emphasis on customer selection will help to reduce costs somewhat, but these economies will be offset by increases in overhead elsewhere, and merchandising efficiency will be impaired by the neces-



GE HOLDS OPEN HOUSE—Schenectady and General Electric are celebrating fifty years of electrical progress this summer, paying their respects to Thomas A. Edison and to such GE stalwarts as the late E. W. Rice, Jr. (in whose honor the new Schenectady river road was renamed last week). At the anniversary dinner George F. Morrison (upper left) displayed a replica of Edison's original lamp, initiating a chain of events



utilizing virtually every method of illumination since Edison's invention of the electric light, and culminating in the radiance of sodium lights turned on the Western Gateway Bridge. Thousands of visitors attended the mardi gras (below) and took advantage of GE's open house to visit the great manufacturing buildings. (The view at upper right is of Building 16, where large motors and hydroelectric generators are made.)

sity for constant caution and the ever-present prospect of legal difficulties. As for the independents, a higher price level as well as a more stable one is a principal objective, and it is not expected that their present success in securing passage of the anti-price-discrimination will long be sufficient. Next year will find them backing new price-control legislation.

And if experience abroad is any criterion this drive to preserve the traditional forms of distribution at the expense of the big mass distributors will inevitably throw the door wide open to the aggressive consumer cooperatives which are just now getting a foothold. And that, it is argued, will be tough not only on all factors in the distribution picture, but on the producers of trade-marked goods, for such merchandise never thrives in the hands of co-ops.



*Underwood & Underwood*

**CASHING THEM IN**—Veterans who want to cash their bonus bonds have to get them registered for payment first; this group was among the early birds. As soon as the bonds were delivered this week, lines began to form at the registration offices. Approximately 38,000,000 bonds, each of \$50 denomination, were distributed by the post office.

## N.R.D.G.A. Meets and Works

**In a driving convention, with never a letup, store executives discuss instalment and other problems; get facts on earnings and losses.**

LAST week's midyear meet of the National Retail Dry Goods Association, held at the Palmer House, Chicago, was a working convention if there ever was one.

In four days they held 27 formal meetings, and in addition there were breakfast, lunch, and dinner sessions of special groups that worked while they ate. And there were no banquets, dress parades, style shows, or other light entertainment to relieve the grind.

Reason for such close application to the job was that those midsummer meetings don't draw the kind of big shots who prefer yachts, golf clubs, or beaches, when warm weather sets in.

The whole program was built around the slogan, "Keeping Distribution Costs Down." In sessions of the Controllers Congress they discussed old problems of record-keeping, inventories, payrolls, budgeting, etc., and devoted a lot of time to the new problems that have come with enactment of the Social Security Act. These were dealt with by Frank Bane, executive director of the Social Security Board, and Vincent M. Miles, member of the board.

### Watch Special Terms

The credit managers are becoming concerned over the rapid expansion of instalment selling and the widespread tendency of old-line department stores to gain more sales volume through offering special terms, limited time accounts, budget accounts, and other credit devices that widen the risk and are not always soundly administered. Some predicted that instalment sales in 1936

would hit a new high record—\$5,000,000,000—and that if department stores tried to keep up the pace in this field, some would undoubtedly be in for considerable losses.

The joint closing session considered two important reports. The first of these was that of Operating Results of Department and Specialty Stores in 1935, a study made by the Harvard University Graduate School of Business Administration, prepared by Assistant Professor Carl N. Schmalz, and sponsored by the N.R.D.G.A.

This shows that in 1935 the 581 department and specialty stores which cooperated had a sales volume of \$1,678,000,000 or approximately 40% of the total of all sales by such stores. The 459 straight department stores earned a net gain on 1935 sales of 3.4%, or 0.8% more than in 1930—and only 0.9% below the mark of 4.3% net gain, made in 1929.

Figures on the performance of different volume groups show that stores with annual sales of less than \$500,000 are the first to have brought their net gain back to exceed pre-depression levels, the ratio for a group of 185 being 2.4% in 1935 against 2.2% in 1929. The 136 stores with sales of over \$2,000,000 each showed a net gain of 3.5% in 1935 against 4.7% in 1929. Dr. Schmalz pointed out that 74 stores with sales of \$2,000,000 or more, "which are most nearly representative of department stores as a whole," had only one year of the depression, 1932, in which they did not make a net gain, and their gain has risen each year since then, reaching

3.7% in 1935 compared with only 3% in 1930.

He also called attention to the fact that the industry's continuing efforts toward whittling down expenses are bearing fruit. During the years 1930-1935 the decline in dollar margin per physical unit sold was not as great as the reduction in expense-per-unit effected through improved operating technique, so that the stores' net profit per unit was higher in 1935 than in 1930.

### Checkup on Results

A report on Departmental Merchandising and Operating Results was presented by H. I. Kleinhaus, general manager of N.R.D.G.A.'s Controllers Congress. It shows that in 1935 stores reporting their figures averaged in percentage of total store sales: mark-up 38.4%, markdowns 7.1%, stock shortages 1.1%, cash discounts, 2.8%, gross margin 35.5%. They accepted 8.6% returns, and annual sales per square foot of selling space were \$29.

The performance of specific departments indicates that stores still have a good deal to learn about making income balance with outgo in important departments. For instance, the home furnishing departments, which for the stores reporting accounted for 18% of their total sales volume, operated at a loss, absorbing 20% of the profit made by all other departments. The appliance department managed to earn 30.5% gross margin, which, against operating expenses of 35.5%, netted a 5% loss, and the radio departments had a 4.6% operating loss on sales.

The study provides champions of basement merchandising with much food for thought. Basement departments earned an average gross margin of 32.5% against operating costs of 32.2% for a net gain of 0.3%, while the main stores, operating at 34.4%, took a gross margin of 35.8% for a gain of 1.4%.

## Scraping Spindles

**Cotton textile firms join hands to reduce capacity. Two companies now operating**

THE cotton textile industry is taking steps to strengthen its economic position by reducing the excess capacity of cotton mills. Already, according to the Association of Cotton Textile Merchants, the number of cotton spindles has been cut to 29,253,444 as against 37,871,936 in use 10 years ago.

The General Cotton Corp. was formed in 1930, with fine-goods cotton mills as stockholders, to buy up weak mills that would otherwise have been thrown on the market and probably bought for a song. It kept them from being operated with low investment and overhead and demoralizing the market.

### Mills Liquidated

No figures have ever been given out on the workings of the plan, but it is believed that 75% or more of the fine-goods spindles have been in on the deal in some way. Among the mills known to have been liquidated are Davis Mills, Fall River, Mass., 130,000 spindles and 1,565 looms; Lincoln Mfg. Co., Fall River, 116,000 spindles and 2,884 looms; and Totokett Manufacturing Co., Versailles, Conn., 31,000 spindles and 600 looms. Lawton Mills, Plainfield, Conn., with 116,000 spindles and 2,438 looms, was purchased in March and is not yet liquidated.

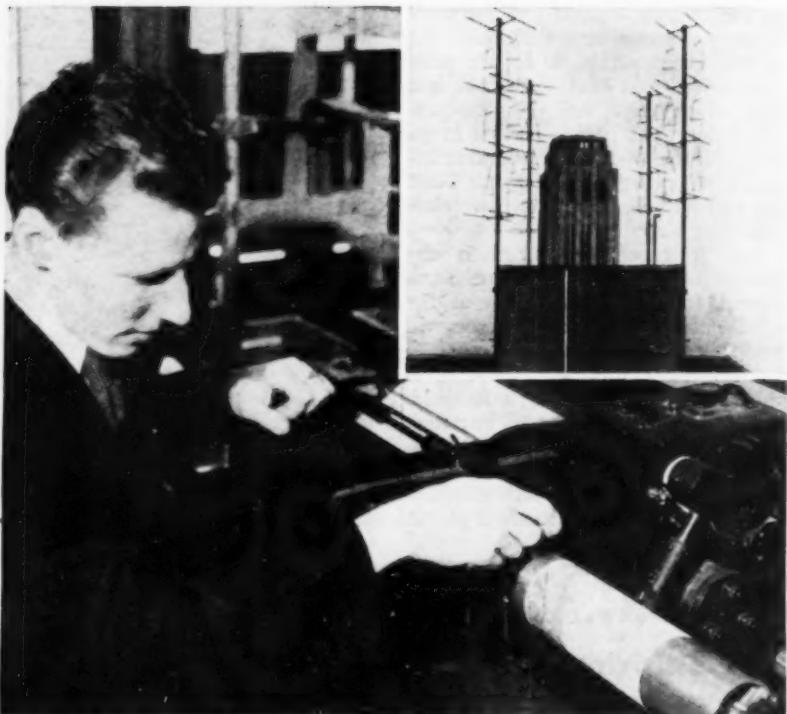
Now Walter E. O'Hara, treasurer of the Textile Machinery and Supply Co. of Fall River, announces another project, which contemplates the elimination of 3,000,000 or more cotton spindles and a certain amount of wool machinery by the end of 1937.

The present plan is to purchase plants which are in weak financial and physical condition, sell the worth-while equipment from those plants, and scrap the remainder. Experience has shown that the receipts from the worth-while machinery will usually exceed the purchase cost of the plants themselves.

The O'Hara program is backed by individual textile manufacturers in both the North and South and will be directed particularly to the relief of the southern situation. It is expected to follow closely the general activities of the General Cotton Corp., which have operated principally in New England.

The rôle of General Cotton has been passive in that it has always waited until a mill has decided to liquidate. It has acted as a friendly undertaker, rather than an anesthetist.

General Cotton has also acted as a steady influence on the used machinery market. When a mill wants to sell more equipment than the dealers can dispose of without depressing prices, General Cotton steps in.



*Business Week*

**SHORTER WAVES, LONGER LETTERS**—RCA demonstrates new ultra-short wave radio circuit between New York and Philadelphia, for transmission of drawings, typed matter, handwriting, or other visual material in facsimile, along with simultaneous operation of automatic typewriter and telegraph channels. Shown are a typical sending apparatus and antennae; the receiving set looks almost like the sender. The ultra-short waves must be picked up and amplified by repeater stations, which for the first circuit are situated at two points in New Jersey, New Brunswick, and Arney's Mount.

## Steel Warehousing

**"Little fellows" who worried about being squeezed out are reassured at convention.**

STEEL warehousemen who have been worrying whether a few of the big companies are going to swallow up the warehousing business went home from last week's convention of the American Steel Warehouse Association with complete reassurance.

Some of the 200 or so members who attended the convention, in Chicago, had recently been worried because Inland Steel acquired Joseph T. Ryerson & Son, Inc., a large steel warehousing organization which operates nine warehouses in important centers. Since three other large steel producers were already maintaining far-flung warehousing organizations, some warehousemen wondered whether they as little fellows were going to be squeezed out.

However, after Walter S. Tower, executive secretary of the American Iron and Steel Institute, finished talking to them, they quit worrying. He pointed out that, with the possible exception of Republic and Youngstown, there are no additional steel companies that have a sufficiently complete line to make a controlled or owned warehousing set-up feasible or economical. But there are

about 200 steel companies that must depend to a considerable extent on warehouse men for their distribution, aside from the large total of medium and small orders that even the biggest mills are willing to take through independent distributors.

Merchandising and cost cutting were other topics under discussion, with B. F. Fairless, president of Carnegie-Illinois Steel Corp., and Charles M. White, vice-president of the Republic Steel Corp., explaining the manufacturer's attitude.

### Modernized Service

Progressive steel men welcomed the growing interest in merchandising technique, on the part of both the mills and warehousemen. Up to recently steel was seldom considered a commodity that might be susceptible to merchandising in any form. Steel users bought steel when they needed it, got it from the nearest warehouse when available there or went directly to the mill. Then came the tremendous rise in the uses of alloy steels, and mill and warehouse men alike found out that plain selling had to be transformed to highly specialized merchandising methods.

That's where the warehousemen feel they can do a real job for the mills, because they are generally closer to many of the customers, can follow through more promptly and at less cost.

# Philadelphia Paradox

## A Republican stronghold stages the Democratic National Convention with mixed emotions, sound business precautions, and high finesse.

TYPICAL of our confused times is the present emotional crisis in Philadelphia. This stolid Republican stronghold finds itself priming up for a national convention of Democrats. It would be sufficiently disturbing if the invaders were traditional Democrats who accepted defeat in this locality as a matter of course. But these are a wild new breed who come whooping with strong claims of victory, who are heavy with political wampum, who insult the past with admissions that the real object of the raid is to swing Pennsylvania into the Democratic column this fall.

The only explanation of the spectacle is that business blood is stronger than the water of sentiment. Philadelphia business men saw a chance to bring a lot of money into town on a comparatively small investment and they did so. Fully 95% of the commercial and industrial leaders who contributed to the convention fund were Republicans. The city paid \$200,000 to the Democratic National Committee for the show. They expect a five-fold return on the outlay.

### Business Before Politics

While Philadelphia's magnificoes helped capture the convention, they left the details of the preparations largely to persons of more flexible politics. One is Mayor S. Davis Wilson. The mayor is a former Democrat who was shanghaied by the Republicans to beat a G.O.P. backslider turned Democrat.

Even more potent were the manuevers of Albert M. Greenfield, big realty owner who staged a dramatic comeback after the tragic collapse of his Bankers' Trust Co. (December, 1930). Mr.

Greenfield is an extremely agile gentleman whose political convictions are not allowed to interfere with his business activities. His enthusiastic ally in stalking the convention was J. David Stern, the ruckus-raising publisher of the *Philadelphia Record*, the *Camden Courier-Post*, and the *New York Post*.

There was a communion of souls when Mr. Stern sat down to confabs with Sunny Jim Farley, Mr. Roosevelt's political chief of staff. For Mr. Stern and his papers are vociferous in their applause of the President's feats and furiously defiant of New Deal enemies.

### Double Duty

Nobody was surprised when Philadelphia outbid Chicago for the Democratic convention and laid in the deft hand of Mr. Farley the check for \$200,000. On Tuesday, June 23, the Democrats begin their convention which is jointly dedicated to the reelection of Mr. Roosevelt and to the return of Philadelphia's investment.

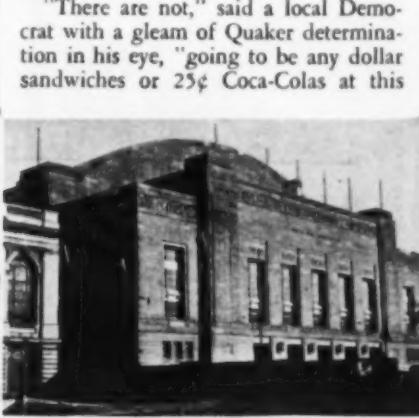
Any coyness Mr. Farley might have displayed before succumbing to Philadelphia's blandishments was just donned for the occasion. He was set for that spot anyhow. He counts on the convention, aided by the Guffey coal act and the subsequent killing of the same, to yank a host of Pennsylvania voters out of the Republican column.

The dual object of the meeting sticks out like a sore thumb in all the preparations. Mr. Farley's minions are giving the city every break in stringing out the festivities so that Philadelphia may realize the largest possible profit; and local management is submitting to rigid political regulation.

"There are not," said a local Democrat with a gleam of Quaker determination in his eye, "going to be any dollar sandwiches or 25¢ Coca-Colas at this



*Ledger*  
PHILADELPHIA'S TURN—Last week the spotlight turned on Cleveland, now it is the Quaker City's turn to put on a show. And Philadelphia, having paid for the privilege, isn't passing up any chances of making the delegate feel at home, showing him



*Charles Phelps Cushing*

convention. Price chislings and other irritations will be eliminated."

To this end, local interests relinquished all convention concessions to the Democratic National Committee. They are being calculated to yield cash profits and political capital. Arthur H. Padula, dictator of concessions, is pledged to this ideal. A stocky, snappy, darkly pleasant young man, Mr. Padula is symbolic of new goings-on in old Philadelphia. No ancient fortune aided his success.

Mr. Padula is 26 years old. He studied banking at the University of Pennsylvania but before graduating was overpowered by a hankering for the restaurant business. In his senior year he was serving meals for 39 of Penn's fraternity houses. Two years ago he took over the defunct Arcadia cafe and confounded all critics by making it the favorite night spot of the city.

Mr. Padula will handle food and refreshments at the convention. There will be a large restaurant, a large cafeteria, 35 refreshments stands, to say nothing of special arrangements for feeding cloistered committees and newspaper correspondents. Last week Mr. Padula's office was fragrant with candidates for convention menus. Indicating a successful applicant in the division of rolls for hot-dogs, Mr. Padula pronounced sternly:

"I am going to give those delegates a good dog."

### Popular Prices Prevail

This delicacy, beloved of American crowds, will retail in the convention area for 10 to 15¢, mustard free. Luncheon in the main dining room will be 65¢, dinner \$1.25. No beer or hard liquor will be sold. Parking at the Convention Hall will cost 50¢. For 75¢ an attendant will park your car and bring it back at a stipulated time.

To foil the casual chiseler, protect both patron and concessionaire, the area



*Wide World*

a good time and getting him in a money-spending mood. Independence Hall (left) is freshly painted; Convention Hall (center) has been scrubbed and polished; and downtown streets are gay with flags and Democratic Party decorations.

for  $\frac{1}{2}$  mile about the convention will be patrolled by police. The Democratic National Committee gets a percentage (unnamed) of all concessions. These include, besides the usual hawkers of soft drinks and souvenirs, exhibitions of nationally known products in the basement of the convention hall.

However, the committee is getting out its own souvenir book this year. It contains 400 pages, 134 of which are ads. Revenue from this source is more than \$300,000. The book sells for \$2.50. Its first run is said to be 100,000 copies.

Since the convention has only to renominate President Roosevelt with Vice-president Garner, and adopt whatever platform he dictates, it could easily finish in a single day. But that wouldn't be fair to Philadelphia or the political mores.

### Will His Luck Hold?

Local business figures on 100,000 visitors for the five-day convention, and 50,000 daily for the two days before and the two days after. The conclave itself is no problem. Hundreds of statesmen, surcharged with oratory, will be there. When they surfeit, bands will produce more pleasant sounds. High spot of the show will be President Roosevelt's acceptance speech before 120,000 in Franklin Field. This is an open air stadium and everyone speculates on whether the Roosevelt luck will extend to the weather that Saturday night.

For the pre- and post-convention crowds Philadelphia is selling her matchless historical shrines and selling them hard. There are the regular scientific and industrial exhibits of the Commercial Museum and it wasn't very hard to obtain a display of federal activities for the exhibit hall of the museum.



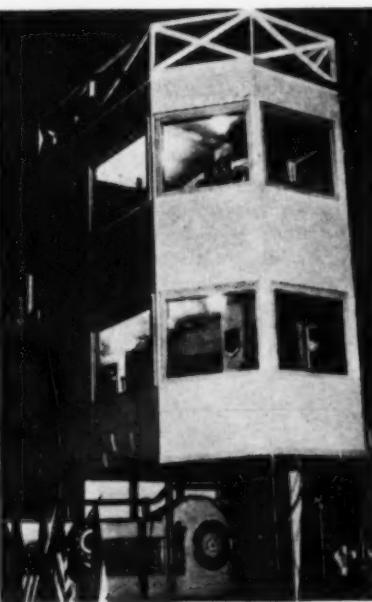
**SPECIAL JOBS**—The big broadcasting chains can't wait until the last minute, walk into the scene of action, and cover it. That used to be the style, but nowadays the engineers have to lay their plans long before the expected event. At the political conventions, for example, CBS is displaying its "Photo-Mike," which takes a picture of the speaker as it picks up his voice for the national hookup. The NBC tower at right gives an idea of the pains taken to put the news broadcasters in the center of things, yet removed and insulated from distractions of the crowded floor.

These attractions adjoin the main convention building. In addition there are special events. Among them are a 10-block-long street dance, a beauty contest, and finally (Sunday) water races and displays on the Schuylkill.

Mr. Greenfield is chairman of the All-Philadelphia Citizens Committee for the convention, and Mr. Stern is chairman of the press and radio committee. To forestall profiteering (and possible unfavorable comment by voters) Philadelphia hotels agreed to book guests at regular room rates. State committees were assigned certain hotels and newspaper correspondents from these states are put under the same roofs. Here shines the wisdom of Mr. Stern.

Being a newspaperman, he knows that one uncomfortable correspondent or radio announcer may inject into his comment poison more hurtful to cities or parties than the complaints of a thousand other guests. Hence provisions for the publicity trades are perfections of foresight. Newspaper correspondents will have the orchestra pit section of the hall, guarded in such a way that no outsider can invade it. Directly downstairs are typewriters, telegraph desks, teletypewriters, telephoto installations, shower baths. Photographers have dark rooms on the premises. Flanking the rostrum are towers where movie cameras will grind unmolested. Radio arrangements are also most considerate.

Beyond the hubbub of preparations nasty remarks have been heard. Some have to do with the spending of WPA money on the fixings. Especially the re-



*Business Week*

juvenation of grave old Independence Hall. WPA also fixed up the hall where the Republicans held their convention in Cleveland, but this argument does not appease certain Philadelphians, who consider it the height of something-or-other that the birthplace of the Constitution should be spruced up for the gentleman whom they consider a triple threat to that hallowed document.

## F.D.R.'s Champagne

**President's drink is made of grapefruit juice. U. S. develops citrus wines and liquors.**

**WASHINGTON (Business Week Bureau)**—When President Roosevelt drained a glass of grapefruit juice champagne at a recent public function in Washington he boosted an infant industry which has been struggling to gain a foothold in a land indifferent to wine in any form. Also he gave a pat on the back to one of Rex Tugwell's minor pets.

The wine came out of a convincing-looking bottle, fizzed inspiring and, to judge by the President's pleased expression, went to the right spot. It was one of several beverages newly developed by Department of Agriculture experts at the experimental station near Winter Haven, Fla., the main object being to find a profitable market for our citrus surplus.

None of these new drinks are imitations of the grape-based wines, brandies, or liqueurs.

The following products are now on the market: (1) Natural citrus wine, made of orange, grapefruit, or tangerine juice. (2) Citrus wines containing citrus spirits, and with corn sugar added to increase the alcoholic content. (3) Citrus spirits, made by distillation of citrus fruit juices, to which corn sugar has been added. (4) Citrus cordials, made of orange, grapefruit, tangerine, lime, or lemon juice with the addition of corn sugar and citrus oils for flavoring.

### No Peels, No Fibers

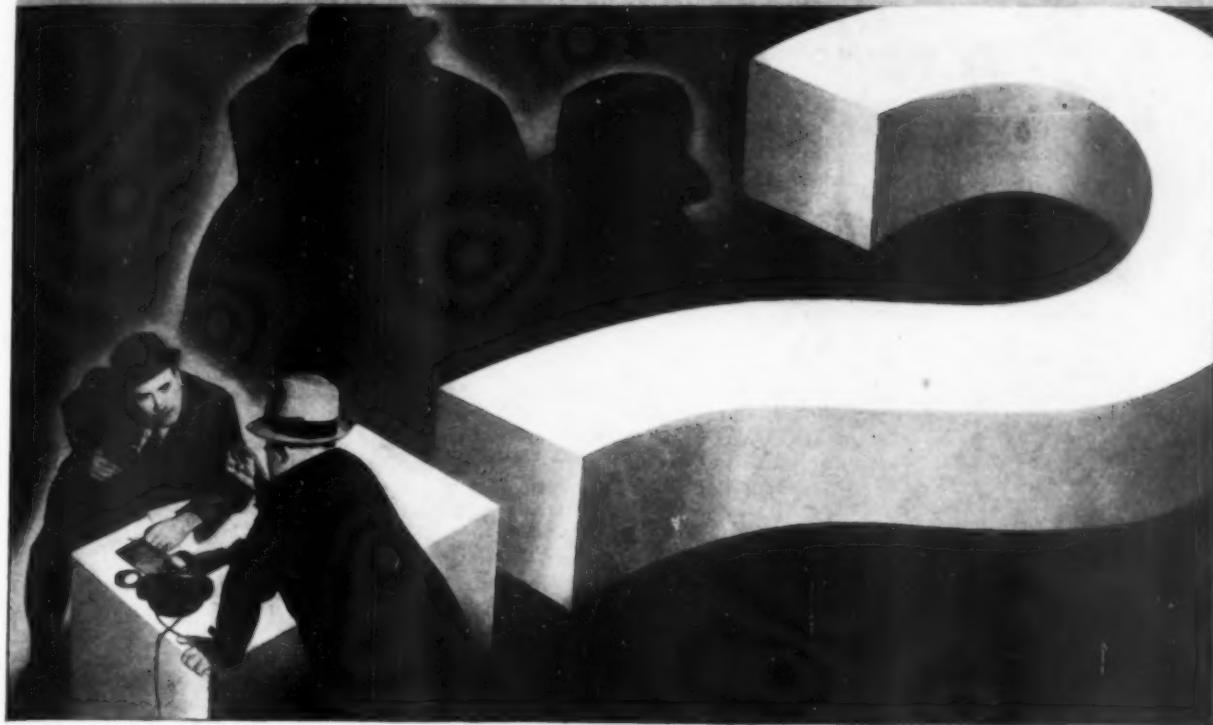
In making the wines the fruit is reamed by burrs; the meat is scooped out and the air needed by the fruit yeasts for proper working is beaten in. Care is taken to avoid breaking the peel or allowing the heavy fibers to mix with the juices. Oils from the peels delay fermentation and the fibers make for undesirable bitterness.

The experiments of the federal chemists have opened up brilliant possibilities—if only the public taste for these beverages can be developed. France, with hardly half our population, employs 7,000,000 men and women in her wine industry.

Brandies, cordials, and liqueurs have a fairly smooth path before them, but the citrus wines face the same hurdle that has checked the development of other American vintages. Wine is not popular here.

# "Unforeseen events...

*so often change and shape the course of man's affairs"*



## This robbery is still puzzling bank detectives

**AN IMPREGNABLE BANK.** A locked cashier's cage. A thoroughly honest staff. A theft-proof system. Yet in broad daylight \$150,000 worth of bonds disappeared, to turn up later, some in Vienna, others in Paris and New York.

Probably none will ever know who actually took those bonds. But fortunately for this financial institution the loss was covered . . . insured under a Bankers' Blanket Bond issued by the Maryland. Wise management, knowing full well that *unforeseen events so often change and shape the course of man's affairs*, had protected the bank and its employees.

For many years, Bankers' Blanket Bonds have been available from the Maryland. Covering burglary, theft, hold-up, misplacement, in addition to honesty of all employees, their

cost is surprisingly reasonable for the security and peace of mind they bring.

In a world of risk, the Maryland offers you this and many other safeguards. There is scarcely an industrial or commercial activity beyond the protection of the Maryland through its more than sixty bonding and casualty insurance underwritings. On its books will be found many of the country's leading corporations as well as millions of homeowners, business executives and public officials.

No matter where you live, full Maryland service is available through 10,000 agents . . . in every state of the Union, in Alaska, Canada, Cuba, Puerto Rico, Canal Zone, Mexico and Hawaii.

The Maryland writes more than 20 bonding lines, including . . . Fidelity . . . Bankers' Blanket . . . Contract . . . Check Alteration and Forgery . . . Depository . . . Fraud . . . Public Official Bonds . . . Judicial. More than 40 types of Casualty Insurance, including . . . Aircraft . . . Engine . . . Automobile . . . Burglary . . . Boiler . . . Elevator . . . Accident and Health . . . Electrical Machinery . . . General Liability . . . Plate Glass . . . Sprinkler Leakage . . . Water Damage . . . Fly-Wheel . . . Workmen's Compensation.

## MARYLAND Casualty COMPANY

SILLIMAN EVANS, President

BALTIMORE, MARYLAND

# A Plan THAT HAS STOOD THE TEST OF TIME



Broad Street, Richmond, Virginia, in 1785. On December 26th of that year, John Marshall and a group of prominent Richmond citizens organized a mutual company.

There's nothing like time to test things, particularly ideas or principles.

One hundred and eighty-four years ago, Benjamin Franklin formulated the principles of mutual fire insurance. They have stood the test of time. The struggle for independence, the spreading out and building of the nation, the civil war, the reconstruction period, many depressions—all of these with their attendant disturbances did not affect the solidity and stability of mutual principles.

All insurance is good. There is this about mutual insurance—when you buy a mutual policy you have not only all the rights of a policyholder in any other type of insurance carrier, but in addition you have the right to share in the prosperity of the corporation.

These are the reasons why leading industrial corporations and hundreds of thousands of individuals buy mutual coverage for fire risks.

Write for booklet. Address the Federation of Mutual Fire Insurance Companies, 919 North Michigan Avenue, Chicago, Illinois.

## MUTUAL FIRE INSURANCE

An American Institution

This seal identifies a member company of The Federation of Mutual Fire Insurance



Companies and the American Mutual Alliance. It is a symbol of soundness and stability

## Buck Jerry-Builders

Federal and state authorities fight contractors who do poor work or cut legal corners.

If you don't know the contractor who bids on your building or repair job, his reputation is worth more than a cursory inspection. If he submits an exceptionally low bid, make doubly sure before you sign the contract.

Yes, it's the old "jerry-builder" again, but this time with his face washed and his trousers pressed. State and federal authorities (especially FHA) have been giving him some bad moments since they found him up to his old stunts a year or so ago and he has had to refine his methods. It used to be a question of cheap materials sloppily put together. The Federal Housing Administration refused to allow borrowers to accept some of the houses thus cheaply thrown together and widespread improvement followed.

But few contend that the evil has been stamped out—it has just been forced to become more subtle. The latest wrinkle (in states requiring employers to carry workmen's compensation insurance) is to dodge responsibility for employees' safety. The idea is simple: The contractor takes the job, gets together the workmen, and then lets the workmen form a partnership—in effect he sub-contracts the job, and the "partnership," of course, doesn't insure itself. In case of accidental injury to one or more of the "partners" the original contractor is in the clear but the spirit of the compensation law has been violated and its purpose defeated.

### Owner Risks Liability

And, what's more, it is only human for the "partners" to try to prove negligence and slap liability for the injury onto the owner of the structure being built or repaired.

In New York, where this new abuse has been attracting increasing attention, the State Department of Labor thought it sufficiently serious to call in institutional owners of real estate (savings banks, insurance companies, etc.) and tell them about it; to tell them, too, that they should get the contractor's agreement to insure men he employs and to report any work he sublets. That way the owner can inspect these "partnerships" and make sure that he entails no liability, contingent or otherwise.

State authorities admit that much of the problem is outside their jurisdiction, but they have secured some convictions. A contractor sublet to a "partnership" the demolition of a building. Four state inspectors were on the job a week, trying to prove that the original contractor actually was supervising the job. Each of the 24 "partners" had to be interviewed. The state won the case—

if a \$20 fine is a victory. But—the "partners" got the idea they weren't getting a fair share of the profits and they are suing the contractor, which is another way of taking the profits out of the game.

## Seek Truck Combine

Three firms plan \$1,000,000 merger to cover New England and perhaps reach west.

PLANNING a \$1,000,000 motor truck combine to gridiron the New England States and (possibly to arch out to points west, the Adley Express Co. of New Haven has applied to the Interstate Commerce Commission for approval of a merger embracing the Bay State Carloadings Co., the John J. McCarthy Co., both of Massachusetts, and the Dyer Transportation Co. of Providence, R. I.

The companies involved own 350 trucks and already have close working agreements for freight interconnections, so that the program merely gives corporate effect to an established business practice. Service will extend to points in Massachusetts, Rhode Island, Connecticut, New York, New Jersey, and eastern Pennsylvania, and there will be hookups with truck companies as far west as Buffalo and Pittsburgh; as far south as the Carolinas, and Atlanta, and as far north as the tip of Maine.

### No Outside Capital

Adley will be a closed corporation—at least for the time being. No outside capital is contemplated (unlike Keeshin Transcontinental Freight Lines, Inc., sponsored by Lehman Brothers), even though ultimate expansion may result in a capitalization of \$10,000,000.

The Adley petition is the first major consolidation to come before the I.C.C. under the Motor Carrier Act. Keeshin (BW—Dec 7 '35, p25) was formed before the trucking law went into effect, but the commission is now considering Keeshin's application to purchase the Seaboard Freight Lines, Inc., of Connecticut, for \$250,000. The rivalry between Seaboard (which operates in New England) and Adley is described as "friendly."

The Adley consolidation is regarded as a "natural," not only because the companies have had a working understanding, but also because combination is the order of the day in motor transport. Keeshin, with Chicago as its starting point, now ranges as far west as Omaha and Kansas City and reaches the eastern seaboard. Adley, crowded in on the east by the Atlantic, will have to edge west if it is to expand.

Forerunner of the nationwide highway transportation network movement is the Greyhound Corp., which carries passengers, baggage, mail, and express.



*Go places more  
comfortably...*

... in the only low-priced car with the  
**KNEE-ACTION GLIDING RIDE!\***



MASTER DE LUXE SPORT SEDAN

THE new Chevrolet for 1936 brings you *the world's most comfortable ride* at the lowest price... It's the only car in its price range with the famous Knee-Action Wheels\* and many other features which are equally important to your comfort... New

Perfected Hydraulic Brakes give you and your family the peace of mind resulting from maximum safety. A Solid Steel one-piece Turret Top keeps you cooler in summer, warmer in winter and safer at all times. Genuine Fisher No Draft Ventilation enables you to "scoop in" great waves of refreshing air on the hottest days. An economical High-Compression Valve-in-Head Engine saves you money with every thrilling mile. And Shock-proof Steering\* makes driving more nearly effortless than you ever thought it could be... Decide now to *go places more comfortably* this summer in a new 1936 Chevrolet—the only complete low-priced car!

CHEVROLET MOTOR COMPANY, DETROIT, MICHIGAN



NEW PERFECTED HYDRAULIC BRAKES • SOLID STEEL ONE-PIECE TURRET TOP BODIES  
IMPROVED GLIDING KNEE-ACTION RIDE\* • GENUINE FISHER NO DRAFT VENTILATION • HIGH-COMPRESSION VALVE-IN-HEAD ENGINE • SHOCKPROOF STEERING\*

\*AVAILABLE IN MASTER DE LUXE MODELS ONLY. KNEE-ACTION, \$20 ADDITIONAL. GENERAL MOTORS INSTALLMENT PLAN—MONTHLY PAYMENTS TO SUIT YOUR PURSE.

*The only complete low-priced car*

**CHEVROLET**  
A GENERAL MOTORS VEHICLE

# Rolling Homes are Booming

**There are more than 100,000 trailers in use, and the industry can't supply this year's demand. Some trailers are used as commercial showrooms.**

DEMAND for "rolling homes" has created a boom in an industry still in its swaddling clothes—manufacture of trailer coaches.

It is roughly estimated that those imbued with the wanderlust would buy 300,000 trailers this year if they could get them; but the industry, even though growing mushroom-like, probably won't be able to supply more than 20% of that number. Today there are 100,000 to 150,000 trailer coaches in use.

Michigan, home of the automobile, lays claim to being the parent of this husky infant industry. Within its borders are some 70 factories (ranging from alley garages to small production plants), of which 25 are in Detroit. Covered Wagon Co. at Mount Clemens (output of 4,000 a year) and Silver Dome, Inc., at Detroit are the country's two largest makers.

There are builders in other States—probably 25 each in Illinois and Ohio, 15 in California, 10 in New York. No one knows the exact number. The industry, now in the confusion which enveloped the airplane industry 15 years ago, has no trade association, no records.

Some of the better-known manufacturers are Aerocar Co. of America, Vagabond Coach, Palace Travel Coach, Aladdin Co., Kozy-Coach, Cruiser Trailer, Gilkie, Bowlus-Teller.

## Fully Equipped, \$400 to \$900

Lowest-price trailers sell for \$400-\$500 on up to \$900. Within that range one can get a camp coach for four people. It is about 12 ft. long, 6½ ft. wide, with headroom inside of over 6 ft. It is mostly built of wood, has heavy leatherette exterior finish. It weighs 1,400 lb. There are four screened windows, 16x32 in. Equipment includes two double beds (settees in daytime), folding table, several roomy cupboards, refrigerator, porcelain sink, two-burner stove, bath basin built in floor, 10-gallon water tank, radio.

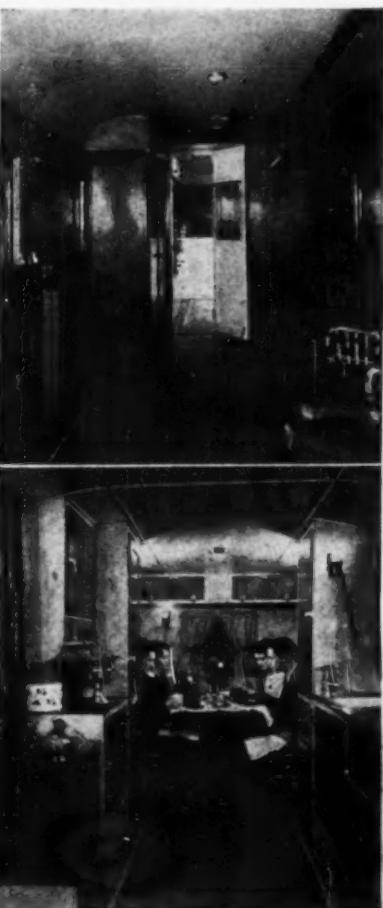


**HOME ON THE RANGE—OR ANYWHERE**—Every one of those white roofs in photo at left covers a trailer home. The scene is repeated at many an auto camp today (this one is at

For \$1,000 the trailer probably is double in length and more ample in all appointments. From that price up to \$1,500 is the medium-price group of trailer coaches. Above that level and on up to \$6,000 are the luxury, custom-built coaches; a few sell as high as \$15,000. In that class are the semi-trailer "land-yachts" of Aerocar and Curtiss. They literally are homes on wheels, distribute all stresses in the sides (Glenn Curtiss patents), strive for maximum strength, minimum weight.

Out of the hit-or-miss methods of assembling trailers is beginning to come a mass production system, like that in the automobile industry. Standardization of materials and designs is contributing to a better product for less money.

Imitating its automotive big brother, the trailer industry is starting to offer yearly models (Vagabond and Silver Dome presented new models at last No-



*Business Week Photos*  
Clearwater, Fla.). When you get tired of standing still you move (right). Topmost photo shows interior of a custom-built Aerocar; below it is inside arrangement of a Silverdome trailer.

ember's automobile shows), is finding a good share of its market outlet through automobile dealers. In at least a few cases, independent finance companies are providing both floor and retail finance plans.

While many car dealers see great sales possibilities in trailers, they aren't sure trade today is large enough to justify stocking them. A few dealers are considering marketing a new car and trailer as a unit, listing the price of the two at a stated amount, like \$1,500. One advantage, held out to the dealer, is that no trade-ins (as yet) are involved, therefore every trailer sale is a "clean" transaction. A Chicago motor car dealer, appointed Illinois distributor for Covered Wagon, has three floors, 30,000 sq.ft. of space devoted to trailers.

## Every Inch Is Useful

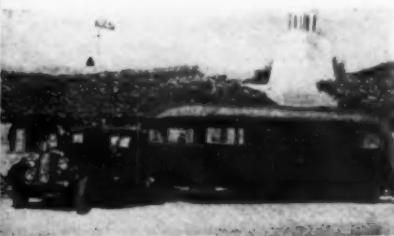
Like the motor boat builder, the trailer coach maker has his eye on utilizing every inch of space, like convertible or fold-up equipment. Example—in one type of coach a cooking stove with gas burners and oven is used; in cold weather a reflector throws out heat to keep the coach warm. Many trailer companies make their own refrigerators, windows, cushions, other parts.

William B. Stout recently announced a portable house which can be folded up, transported from one place to another on a trailer.

Trailers are being employed in growing numbers as commercial showrooms. They take products direct to the prospect. Square D Co. uses three trailers, in charge of engineers, to transport its line to certain buyers. Trailers also are being used in conjunction with commercial cars and trucks by retail stores in a few cases.

Utility trailers also are gaining in popularity. Mullins Mfg. Co. will begin production of an all-steel two-wheel trailer July 1, expects to make 10,000 of them this year. Peninsular Metal Products Co., Detroit, has announced an all-steel Tralette for storage of baggage and merchandise.

With automotive observers and economists predicting a sharp rise in the country's nomad population in the next decade, the trailer coach industry appears on its way toward becoming a "big time" enterprise.



# Fireproof" BUILDING...



## BURNED TO RUINS IN AN AFTERNOON

At noon, this was a busy plant. Tile and steel were combined to make it, supposedly, virtually fireproof. Then—an electric spark—a "local" blaze, uncontrolled, sweeping into a roaring demon. By nightfall, a mass of ruins.

If your building is of wood construction, or has a combustible roof, these may be your fire hazards. If it is a so-called "fireproof" building—then the *contents* represent the hazards. Neither type can be *fire safe* without Automatic Protection that stops fire *at its source*, whether in structure or contents.

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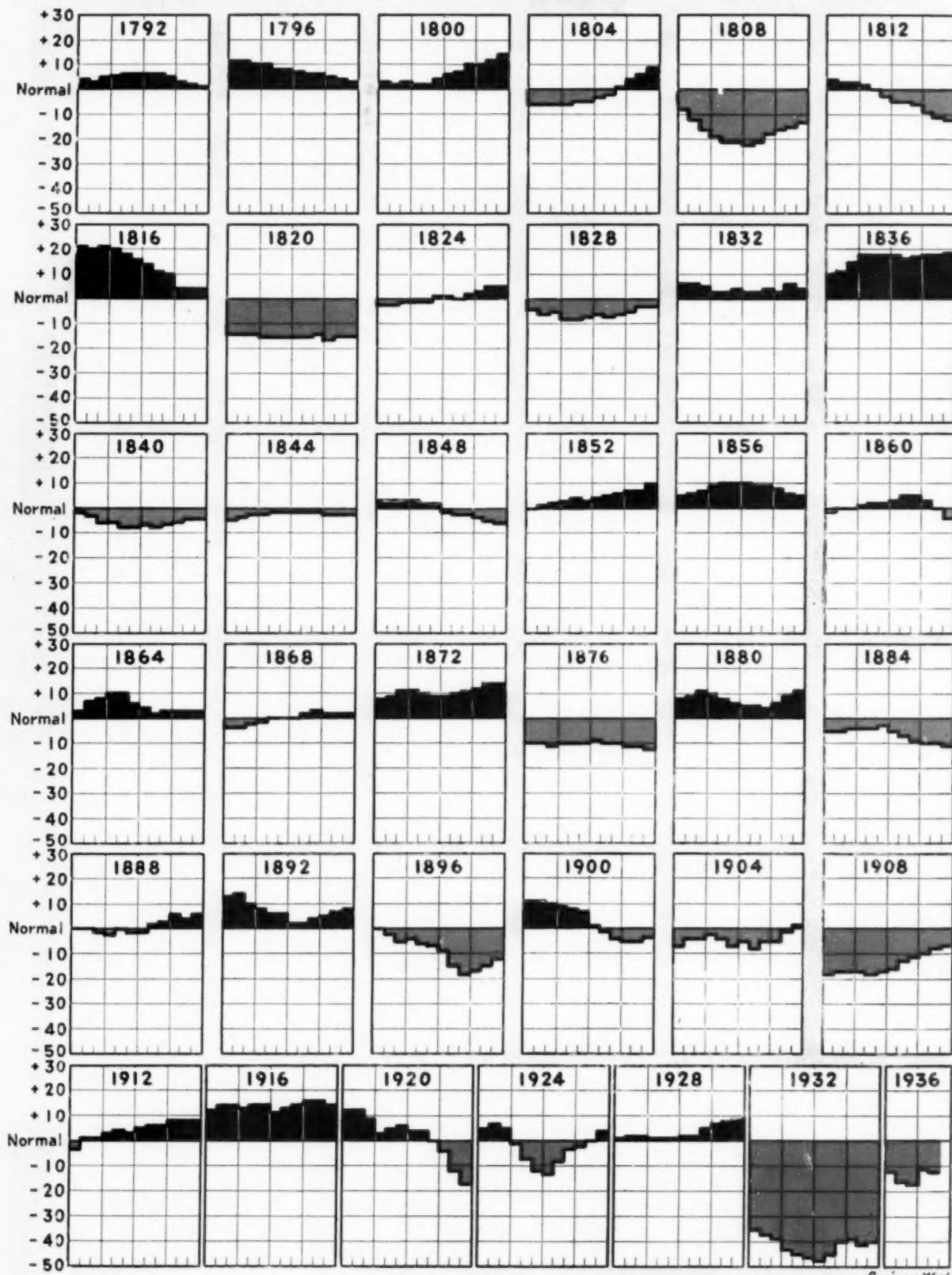
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ITED THIS DESTRUCTION!

While the blaze was "confined to a would have gone into action auto- well equipment has to "flee for its ing until the fire is completely out.

*tic Sprinkler* FIRE PROTECTION

## BUSINESS IN PRESIDENTIAL ELECTION YEARS



*Business Week*

**SCOTCHING A FALLACY:** Are Presidential election years always bad for business? Take a look at the record based on Col. L. P. Ayres' Index of industrial activity. Actually business rated normal or better in 21 years, and fell below normal in 15. Does this mean that election years are good for business? No, but it puts a crimp in popular belief. Presidential election years are fixed by law to occur every four years. There is no similar regulation for business cycles.

# Landon's Job: to Win the West

Platform is a straddle; business must expect later modifications of it. Republicans chose candidate from section where they are weaker.

WASHINGTON (Business Week Bureau)

—So far as business is concerned the Republican platform adopted at Cleveland, and modified as to gold and minimum wages for women by Gov. Alf M. Landon's telegram, is a compromise from first to last. Put in political terms, it is a serious effort to get the most possible votes, and to repel the fewest possible.

## One Way Out

For instance the social security section. It endorses the principle, and then provides for pensions sufficient to maintain everyone over 65 years of age. Right here is a wide loophole for avoiding one of the most objectionable features of the present law so far as employers and employees alike are concerned. For the pensions are to be general—not determined by previous employment. And the money is to be raised by a direct tax, "widely distributed." Obviously a form of sales tax, though the hated words are not mentioned. Again the compromise idea.

But this plan eliminates the payroll tax, the computations, etc. Incidentally the Republican plank is a modified version of the Townsend plan, though with the \$200 a month shaved down to a maintenance pension.

On labor the Republicans went as far as they could, despite the cold fact that William Green and John L. Lewis intend to throw every ounce of strength they can to the reelection of Roosevelt. They recognized and promised to protect the right of labor to organize without interference by their employers or by unions, and to collective bargaining when once organized.

Condemnation of the policy of secret negotiation of reciprocal trade agreements was stressed, but it is evident that the Landon Administration, if the Kansas governor should win, would be very reasonable in those cases where real benefits could be shown—except where such concessions as this country made hurt the farmer.

## An Insider Explains

The whole policy, not only of the ticket nominated but of the platform, was aptly summed up to *Business Week's* representative by Ogden L. Mills the day before the convention opened.

"We must assume," he said, "that the East is safe. We must carry enough Western states to make these Eastern electoral votes good if we get them."

But the oil industry, or rather one branch of it, must not be overlooked.

Gov. Landon made his modest success in the oil business. He won the admiration and respect of his colleagues in that field, and they used their friendships with people all over the country to help him.

Incidentally, of course, this following of Landon in the oil business is among the independent operators. Which means their influence will all be in favor of a tariff on oil. They are not interested, as are some of the big companies, in foreign oil fields. And this group of operators who are for Landon is not confined to Kansas. It is widespread through Oklahoma and other states.

Landon's lieutenants in Cleveland, obviously, were more inclined to compromise even than Landon. Pressure for "soft money" was not half as strong from the West as from what William Jennings Bryan used to call the "enemy country"—New York. Reason: the New Yorkers were so anxious to beat Roosevelt that they were eager to sacrifice anything—almost—to be sure of winning. And they had been thoroughly sold on the idea that the West—the farm regions—would be afraid that a speedy return to gold would work toward lowering farm prices.

## Makes Straddle Clearer

So Landon—to the great irritation of Borah from Idaho and Fish of New York—made the straddle a little clearer by promising to return to the gold standard as soon as it could be demonstrated that no one would be seriously hurt thereby.

Sniffing at the economy plank by critics is mostly political. Landon means it. Naturally it is the will of the President and his advisers which is really important *after* election. The platform usually becomes a scrap of paper. Few outstanding Presidents have bothered much about the platforms on which they were elected when it became necessary, or expedient, to their point of view later to go the other way.

So the really important thing is not to study the words of the platform, but to study Landon. Which brings up the question: What put Landon over at Cleveland? To which the unhesitating answer is, the conviction which a huge number of old friends were able to give their friends in other states that this man was their kind of person, possessing the homely Calvin Coolidge virtues, the old-fashioned, covered wagon, typical prairie state ideas of thrift and economy, recognition of property as well as human rights, etc.

# LEIPZIG

## Trade Fairs

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### ◆ BUILDING, HOME AND INDUSTRIAL EQUIPMENT FAIR—1000 EXHIBITORS—AUG. 30th TO SEPT. 3rd

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## For Finding Facts

**Special libraries grow in number as business needs increasing information on its job.**

ORGANIZING current technical and economic information for corporations has come to be quite a business. There are close to 1,500 special libraries in the country today, engaged in this work. That is 50% more than in 1925. The Special Libraries Association, to which these company librarians belong, held its annual convention this week in Montreal.

### Started Over 100 Years Ago

The first special library of record was started by the Bank of Montreal in 1817. The association was formed in 1909 with 15 members. Since then these libraries have increased rapidly and the association now has about 2,000 librarians in membership, there being several from some companies.

The library function has become highly developed. For example, Metropolitan Life Insurance Co. has a staff of 30 people, New York Herald Tribune 15, E. R. Squibb & Sons 11, Consolidated Edison Company (N. Y.) 7, Standard Brands, Inc., 7, Batten, Barton, Durstine & Osborne 6, Detroit Edison Co. 6, Kuhn Loeb & Co. 6, New Jersey Zinc Co. 5, General Motors Corp. 4, Western Union Telegraph Co. 4, Aluminum Company of America 3. Manufacturing companies, banks, advertising agencies, insurance companies, department stores, trade associations, all types of business find it pays to gather current data applying to their fields and organize it for quick reference.

The size of the library does not depend on the size of the company, as much as the character of the business and the diversity of information important to it. A recent checkup of 40 companies showed that two were spending more than \$10,000 a year on the library function, two spent between \$5,000 and \$10,000, and 11 spent from \$1,000 to \$5,000 each to support their libraries. This amount includes the purchase of business magazines and books of information. In 25 of these companies, the library cooperates in the self-education of employees, through study courses, and nine maintain circulating libraries.

### Specialized Information

These libraries are used both for securing information and distributing it to the organization. They collect facts on new developments affecting the use of products for the technical staff, on raw materials and new equipment for the purchasing department, financial information for the credit man, activities in related industries for the sales executives, changes in workmen's com-

pensation laws for the insurance division, inventory experience for the stores department, check the accuracy of company advertising, and answer endless questions of fact throughout the organization. They maintain files of pertinent directories, reference books and papers.

Experience shows, however, that the sources of greatest importance in a business library are not books but current newspapers, business, industrial, and trade magazines, government documents, information services, and reports of research organizations. Routine methods and library technique are of far less value than to find the answers to questions. Finding is more important than filing. In each case the chief interests and activities of the corporation determine the library's specialization.

For all that there are 2,000 members of the S.L.A., many companies are still making no appreciable effort to organize this service of information to their various departments. In another recent checkup of 99 firms, 44 file no current data, 37 practically nothing. Only six have a planned library system in operation. But the growing complexity of modern business is steadily demanding more facts, and this calls for libraries.

## Farm Land Sales Up

**Federal Land Banks sell 50% more this year than last. Values also rise.**

"City slickers not invited!"

Such, in effect, is the warning of Farm Credit Administration Governor W. I. Myers who says that Federal Land Banks want to sell land to experienced farmers, not to urban speculators, and that real estate is turning over at a fine rate under that policy. Sales of farms by the 12 banks, in fact, totaled 4,227 in the first four months of 1936 against 2,774 in the same period last year. During the last six months the banks have loaned \$26,533,000 to finance purchasers.

Similar evidence of the pickup in the rural real estate market is provided by values quoted. For a third year the steady rise was maintained in the 12 months ended Mar. 1. This brought the average compiled by the Bureau of Agricultural Economics (1912-14 equaling 100) up to 82; it was 79 a year earlier, 76 in 1934, and 73 in 1933, the lowest since 1912.

Further evidence of the improvement is found in the Joint Stock Land Banks' liquidation progress. These 44 institutions are devoting their efforts to going out of business and now report that their assets have been reduced to \$266,423,000 from \$492,639,000 on May 1, 1933. Mortgage loans have been cut to \$152,433,000 from \$394,357,000.

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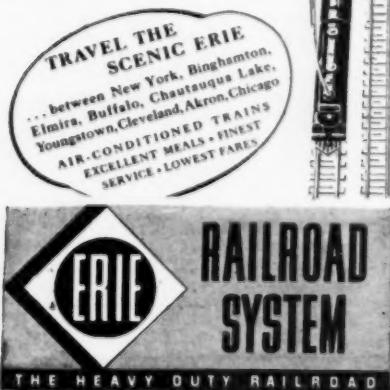


## The Eyes that Never Sleep

**H**IGH in a tower beside the track, steady eyes study flashing signal lights. It's the tower man on the job. The room is never vacant. The eyes never sleep. Twenty-four hours a day, 365 days a year, these eyes guard your shipment, speed it on its way.

**H**ere is but one of the thousands of men who are the Erie Railroad. And every man on the Erie knows that time is money. Not one precious minute can be wasted.

**N**o matter what you ship or when you ship it, Erie's complete facilities cut costs and speed the handling. Erie shippers know it. That's why Erie is *first in freight*.



## Banks vs. Loan Associations

**R**ivalry is produced by mushroom growth of new federal system, supported by government guarantee. Danger of overgrowth is pointed out.

RELATIONS between savings banks and building and loan associations are strained—to say the least. And it's largely because the federal government has taken upon itself the huge task of providing mortgage money at low rates. The result has been to stimulate and bring into sharp relief rivalry between the two types of savings institutions.

For example, last week the bulletin of the Savings Banks Association of New York contained an article pointing out that Federal Savings & Loan Associations were springing up like pole beans—in places where they were not needed. And the New York State League of Savings & Loan Associations promptly rushed to the defense, saying in effect that the savings banks were jealous of their business.

### A Centennial Argument

The clash—if carefully couched phrases may be so termed—came on the eve of the centennial celebration of the establishment of the first building and loan association in the state and provided a theme for building and loaners at their Lake Champlain convention.

It comes down to percentages. Savings banks in New York pay 2% and in other parts of the country may go as high as 4%. Building and loaners and savings and loaners (the term savings and loan is of federal mintage) are paying 3%, 4%, 5%, and possibly higher. Obviously, for the thrifty, the interest differential has an appeal.

But, in the old days, before the federal government took matters under control, the advantages of a savings account just about balanced the higher return of shares in a building and loan; for this reason: withdrawals from a savings bank were possible on demand, or at worst in several months; but shares in a building and loan were redeemable only after a long period—as much as three years—and applicants had to wait in line.

Thus, persons who did not want to freeze their funds would naturally select the savings bank. This distinction hardly holds today. The Federal Savings & Loan Insurance Corp. insures shares in federal savings and loan associations and in accepted building and loan associations. The insurance provides: (1) 10% in cash immediately; (2) 45% in one year; (3) 45% in three years.

Obviously, with a quasi-government guarantee of shares (tantamount to the FDIC insurance of bank deposits), the building and loaners are sitting pretty. Shareholders are sure of collection at the end of three years; they can undoubtedly



*Am.*  
HEAD OF A.I.B. FOR 1936—Henry Verdelin, of Minneapolis, moves up this week from vice-president to president of the American Institute of Banking. The Institute is a section of the American Bankers Association, devoted to education of bankers and employees.

borrow on shares if need be to tide over an emergency; and provision is actually made whereby an association can re-discount to pay shareholders.

The effect is to put savings and loan shares on a demand basis. Even if the security behind a building and loan share is not as stalwart as that behind a savings account, the government guarantee just about compensates for the disparity.

The result has been a mushroom expansion in the Federal Savings & Loan system. From Dec. 31, 1933, to April of this year, 629 new associations were established and 473 state associations converted to federal.

To all intents and purposes, a federal savings and loan is a new type of banking service competitive directly with savings institutions and indirectly with commercial institutions. It adds to our multiple and complicated system another branch of banking. Unless care is taken in extending federal charters, if a crisis comes there might be a repetition of the 1930-1933 period, when hole-in-the-wall banks, established by authority of 48 States or by the national banking system, folded up, one after another.

## *"What Industry Means to America"...*

which is the title of the August issue of FACTORY, will make industrial history and business publication history.

One industrial executive, who had reviewed its editorial content, said:—"It will probably be the most widely read, most widely quoted, and most thoroughly discussed single issue ever published by your company. It will be a real contribution to industry."

Industry's full service to America is not understood — not even by thousands in industry who daily make its products. The current misconceptions about industry are holding back industrial recovery.

Some people believe that industry alone was responsible for hard times and, also, that industry should pay the full cost of relief through special taxation, and bear the entire reemployment burden of recovery.

Men of industry have been strangely backward in satisfying these doubts and answering these accusations. The reason is that industry's story is difficult to tell. It can only be expressed with facts and figures.

But the story is of absorbing interest, when one gets into it. And it is vital to an understanding of our times. And it must be told! Therefore, this entire issue of FACTORY MANAGEMENT AND MAINTENANCE has been set aside to this purpose. It presents, in dramatic picture form, industry's contribution to the public welfare, through the past one hundred years.

The case for industry is stated here in the calm, cool voice of facts — what industry has meant so far in the lives of the American people — what may be expected of it in the years to come — and something of its public responsibilities and its rights. There is no political purpose in this presentation. It carries no tinge of selfish propaganda. Rather it is an endeavor to reflect the true relationship of industry to our national life, its place in our national economy.

We believe that a review of this record of industry's contribution to the progress of the past century will stir the pride of every American. It is in fact a triumphant story of the creative industry of a people. It stands without a parallel in history.

## *"What Industry Means to America"*

to be published in the AUGUST ISSUE of

**FACTORY MANAGEMENT and MAINTENANCE**

A McGRAW-HILL PUBLICATION

*Many companies are ordering extra copies of*



## "WHAT INDUSTRY MEANS TO AMERICA"

### SPECIAL PRE-PUBLISHING → OFFER

THIS OFFER EXPIRES JULY 15, 1936

After publication, this issue will sell for \$1.00 per copy. However, companies which place orders for quantity copies before July 15 may secure these special rates: 10 to 150 copies, 75 cents per copy (plus postage); 150 or more copies, 65 cents per copy (plus postage).

Recognizing that a clear understanding on the part of their employees of American industry and an appreciation of the service industry has rendered is a most desirable asset to any business organization, many companies are ordering a substantial quantity of copies of "What Industry Means to America."

Here in this issue of FACTORY, for the first time, will be gathered together all of the facts which will be needed to show what industry has done for this country and what industry can do if it is permitted to go ahead.

#### Partial Contents of this Valuable Issue

Here are some of the subjects that will be covered: Changes from Agriculture to Industry . . . Industry grows by using Power . . . Machines mean more Jobs, more Wages, more Goods . . . Employment has kept pace with Population . . . New Industries Mean New Employment . . . Wealth Grew as more Goods Were Made . . . Worker's Wages

Buy more as Industry Uses more Machines . . . Wages go up Faster than Prices . . . Americans Live Better than other People . . . What Industry Pays out in Salaries, Dividends, and Taxes . . . What Industry has Retained as Profit . . . Industry's Employment Record . . . The Stories of Individual Industries . . . What Industrial Research and Development Have Meant . . . What is Ahead of Industry.

#### Facts — All Facts

No opinions — no mass of theory — no high sounding but hollow phrases — just facts. But facts presented graphically and dramatically, with the help of beautifully made chart pages in several colors that will drive home the salient points in this issue and make its story interesting, useful, easy to understand and utterly believable!

You will not only want to read this issue yourself but you will want extra copies to distribute to others. Every industrial organization and every person in industry will benefit by having this important message put into the hands of as many persons as possible.

#### Special Low Price to Help Industry Get the Full Benefits From This Issue

The McGraw-Hill Company is making a very special publication offer at a low price so that this issue will get the widest possible distribution to business executives, plant officials, and all others who can pass its worthwhile information along to industry's workers, to the general public and to all others whose opinions and actions have a bearing on industry's progress.

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## Appliance Tieup

Four New York power companies join hands to finance dealers' sales through bank.

HOUSEWIVES of Gotham and their husbands can now buy electrical appliances on terms less than those previously extended by FHA. It comes as a result of a cooperative arrangement by the four power companies (soon to be merged as the Consolidated Edison Co.) of New York City, and the National City Bank, all acting through the Electrical Association of New York.

The plan was initiated by the New York Edison Co. about a year ago at a meeting of manufacturers, wholesalers, and dealers, following the suspension of all direct merchandising by that utility. The fact that 74% of the 8,015,000 bills sent out annually by this company are for less than 44 kwh. a month called for some cooperative effort to increase the domestic use of electricity.

Under this program the utilities display appliances in their many sales rooms, but all orders for equipment are referred to the manufacturer, who notifies the nearest approved retailer, who makes the delivery and the profit. These dealers receive special training and must qualify. Where demonstrations are desirable one of the utilities' 100 home service girls follows up.

Terms now offered comprise a minimum monthly payment of \$3, a maximum term of three years, a down payment of 5% but not less than \$5 per contract, with a finance charge of 5% per year on the unpaid balance. The bank pays the dealer. A deduction of 2% of the proceeds of each contract is credited in the dealer's name to apply against losses incurred on sales after the first three instalments. The dealer repurchases where the purchaser fails on any of the first three payments.

## Testing Dress Goods

BECAUSE of an old deadlock between different textile groups there has never been, until now, an accepted commercial standard for testing and reporting dress goods with reference to color fastness, shrinkage, yarn slippage, and breaking strength. The National Retail Dry Goods Association asked the Department of Commerce last year if it couldn't do something about it. Result: commercial standard known as CS59-36 which has now been approved by all who have anything to do with woven dress fabrics, including dry cleaners and laundries.

The new standard is expected to act as a restraint on chiselers who have been getting by with cheap dyes under such warranties as "commercially fast" and "tub fast." With it any testing laboratory can check up on claims.



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*Henry F. Beck*

Assistant Manager  
BRUCE DODSON & CO., INSURANCE  
Kansas City, Mo.

- Today's business men know the importance of close contact with their customers.

Cutting valuable hours from travel time on every trip . . . yet surprisingly low in purchase, maintenance and operating costs . . . Waco 4- to 5-place Cabins are

proving economical as well as convenient for a rapidly increasing number of business organizations.

Wacos have long been famous for their rugged construction and their ease of flight. Constant refinements have made them beautiful in appearance, and comfortable to the point of luxury. These features and the unparalleled national service facilities offered by Waco, have combined to make Waco America's most popular airplane.

Waco Cabins are now priced as low as \$4995. Available terms simplify purchase for those who may wish to avoid a capital investment.

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Do you need a letter that will "break the ice" for your salesmen—to solicit new charge accounts?—that will get immediate business on a one-shot appeal? You can get such sales letters and many more—letters that have worked for firms in many different lines—all in this book, with comments on their special features, costs, pulling percentages, etc.

### Just Published Tested Sales Letters

By HERBERT H. PALMER  
Associate Professor of Business English and Advertising,  
Syracuse University

530 pages, 6x9, \$5.00



THIS book gives 350 actual letters, classified according to purpose, and discusses their features, how they worked, etc. It emphasizes homely, practical letters that work; it minimizes theory. It shows how these tested letters may be used as guides by executives, copy-writers and sales correspondents in other lines of business. One idea, one letter, from this treasury of actual sales letters and mailing campaigns may be worth thousands of dollars to you or your firm.

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Send me Palmer's Tested Sales Letters for 10 days' examination on approval. In 10 days I will send \$5.00, plus few cents postage, or return book postpaid. (Postage paid on orders accompanied by remittance.)

### You will want to look up—

- the letter that has sold a million dollars' worth of merchandise
- the letter that produced 25,000 four-dollar orders
- the letter that sold 9 automobiles out of a mailing list of 400
- the three letters that revived 43% of a store's inactive accounts
- the letter that pulled 29% inquiries
- etc., etc.

# Republic Steel and Its Labor

**45,000 employees hold elections by secret ballot under workers' representation plan. 74% of cases are settled in employees' favor.**

IN a succession of annual conferences between men and management which commenced early in April, ran nine weeks, included sessions in 15 districts comprising 39 plants and mines and 45,000 employees, Republic Steel executives visited a dozen towns and cities in eight states, reviewed with 286 employee representatives the labor relations setup of the corporation which in three years has dealt with 4,147 cases raised by the workers, settled 74% of them in the men's favor.

At these conferences employee representatives talk things over with top executives, including R. J. Wysor, executive vice-president and general manager, and Charles M. White, vice-president in charge of operations.

Through these conferences the employees and the top men become better acquainted, workers grow more familiar with the problems of the business, executives grow more familiar with problems of the employees.

## Suggestions in Order

The plan has served not only to provide a common meeting ground for the airing of questions on wages, hours, and working conditions, but has given opportunity for the voicing of suggestions directed toward better workmanship, better operating technique, and improved labor relations.

Industrial relations in Republic are part of the regular organization setup throughout all plants and departments. In each plant are management representatives who keep in touch with employees' representatives, interpreting to the management the requests of the men. A substantial measure of responsibility is thrown upon all foremen for the proper handling and fair treatment of employees under them.

Whenever an employee's request is granted, or denied, an immediate effort is made to inform him fully of the reasons. And in the event that he cannot feel reconciled to a decision which has gone against him, he has the privilege of appealing directly or through his representative to the president of the company for a reconsideration of the issue. Several such appeals have actually been taken to the top; have brought promptly the reviews promised.

## Four Good Reasons

Joseph Voss, who heads industrial relations activities, points to three successful years' operation of Republic's plan and cites four reasons for its continued satisfactory functioning: (1) that the

employee representatives are constantly asking the management questions which must be answered, answered without beating around the bush, answered with facts laid openly upon the conference table; (2) that it has been demonstrated these representatives of the men do know plant personnel, workers' prob-



Bulwer

**REPUBLIC REASONING**—Talking it over with the employees, Republic Steel reasons, goes a long way toward getting both workers and management to see eye-to-eye, helps prevent production disturbances. C. M. White is one of the executives Republic picked to handle the industrial relations job.

lems and conditions, that they do not talk to the management in terms of theories and generalities but know exactly what is going on in their own particular bailiwicks, and, moreover, have ideas on what ought to be done; (3) that the thousands of questions asked and cases presented for action have served to strengthen the premise that employer and workers are engaged in a common enterprise whose details can be frankly discussed; and (4) that so far the employee representatives have never failed to give accurately, fully and fairly the viewpoints and the desires of the men they represented.

Net result of the three year's experience, then, has been that Republic's executives have learned more than they ever would otherwise about the prob-

lems of their workers, and these men, in turn, have received a liberal education in some of their bosses' problems.

In 1935, of 1,643 cases handled under the plan, 1,069, or 65%, dealt with employment and working conditions, wages, piece work, bonus and tonnage schedules, and safety and welfare. Less important cases had to do with sanitation, transportation, living conditions, education, recreation, and so forth. Seventy-eight per cent, or 1,275 cases, were settled in favor of the men, 14% in favor of the company, 3% were withdrawn by employees, 3% compromised, and only 2% left at the close of the year for subsequent settlement.

## Representation Basis

Representation is on the basis of one representative for every 200 employees, with a minimum of three representatives for the very small plant units. Any worker over 21 who is an American citizen with a year's service or more is eligible for election as an employee representative. Company officers and others having the right to hire and to fire, or who hold regularly a purely supervisory position, are neither eligible to run for office nor to vote.

Elections in charge of employees are held every June by secret ballot. Primary elections are open to all eligible employees. A voter may place in nomination twice the number of representatives to which his department or voting division is entitled. Nominees receiving the highest number of votes become candidates in the final elections. There are three times as many nominees as there are representatives to be elected. Enthusiasm runs high at election time, with campaigning among rival candidates. Completed in 37 of the company's plants last week, the voting brought out 95% of the men.

## Working Committees

And because no plan is better than its observance, nor can long be kept alive unless actively used by the men, provision has been made for a number of working committees: (1) on rules, ways and means, (2) on wages, employment, schedules, and working conditions, (3) on health, safety, plant sanitation, and welfare activities, and (4) an Appeals Committee to which all matters not falling within the scope of other committees is referred. Composed of not more than five members each from the general body of employee representatives, these committees meet at least once a month.

Questions raised by these committees are usually taken up with the management through the management representatives, although they may be taken up directly with the superintendent or plant manager concerned.

Has Republic's employee representation plan prevented strikes? By no

# For the Faster Accumulation of FACTS follow the punched card method

The diagram illustrates the process of data analysis. At the top, a large stack of source records is shown. Below it, a stack of punched cards is labeled "SALES ANALYSIS". Arrows point from the source records to the punched cards, and from the punched cards to a printed report titled "SALES BY BRANCH BY SALESMAN AND PRODUCT". The printed report includes columns for BRANCH, SALESMAN, PRODUCT (Class and Kind), QUANTITY, AMOUNT, and TOTAL SALES BY SALESMAN. The report is dated "22" and shows a total of "1481625".

You can keep well ahead of present-day demands for detailed, current facts with punched card accounting. You can obtain intricate rate studies and analyses. You can know the cost of sales by territory and product and watch the very pulse of production through the medium of punched cards.

Investigate this modern accounting method. You may be surprised at its simplicity! You will doubtless be gratified at the speed, accuracy and economy which it brings.

Today International Business Machines and methods are helping solve the problems of business and government in seventy-nine different countries. Your nearest IBM branch office will be pleased to give you detailed information. Stop in today. No obligation.



**A**—Business FACTS from source records are registered in tabulating cards in the form of punched holes.

**B**—After being automatically sorted, the punched cards are placed in the Accounting Machine which produces complete printed reports.

**C**—The accuracy and speed of this modern machine accounting method offer the executive a means of constant control.

## INTERNATIONAL BUSINESS MACHINES CORPORATION

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BRANCH OFFICES IN  
PRINCIPAL CITIES OF THE WORLD

means, as demonstrated in the labor difficulties of last year at the company's plants in Canton, O. The plan did not prevent those walkouts. It did, however, supply the basic understanding of the company's position which, when a vote demanded by the employees was held a few days after the strike was called, produced returns overwhelmingly opposed to any strike.

### An Inside Job

"The gospel of better understanding between men and management," says Mr. White, "has reached practically every worker in Republic through their representatives and through proper administration of industrial relations by the foremen. The most important labor relations job is that of making men better acquainted with management. It can only be done on the *inside* of your plant, and there it must be done so thoroughly that it cannot be undone by those on the outside."

Republic recognizes that the worker wants as much as he can get out of a job, and feels that it does not oppose his getting as much as there is for him to get without impairing efficiency in a competitive market. But no man, as T. M. Girdler, chairman and president of Republic, pointed out in a recent talk in Chicago, can get more than a business can afford to pay him without endangering his job altogether.

## Railroad Gentlemen

**Southern Pacific persuades its employees to polish up their manners, as part of a comprehensive program for winning public favor.**

TRAVELERS on crack Southern Pacific trains these days are surprised and delighted when the conductor appears in the car, takes an imposing stance, removes his hat and says something like this: "Ladies and gentlemen, we are now approaching the end of our journey. We hope that your stay with us has been pleasant. We have tried to make it so. We want you to travel with us again and if there is anything our staff can do to make your Southern Pacific trips more comfortable, please let us know. Thank you."

This speech is only one result of a planned and continuous effort by Southern Pacific to instruct every employee in the art of selling S.P. service. Further study is now being made to perfect the program, which is expected to be the most ambitious attempt of its kind in the railroad field, extending from the section hand through switching crews, train crews, and ticket agents, up to passenger and freight solicitors.

Every employee coming in contact with the public (3,000 out of the S.P. total of 35,000) will be trained in the

elements of salesmanship as applied to his particular job. Ticket and freight clerks, for instance, will be taught retail, or over-the-counter, selling. Conductors and other members of passenger train crews will be trained in personal service somewhat after the fashion of hotel staffs, with greatest emphasis on courtesy. Information clerks will be taught in detail how to sell over the telephone, how to cultivate the "voice smile." Classes in public speaking will instruct employees of all ranks how to make acceptable presentations of S.P. activities to clubs, chambers of commerce, and similar organizations.

### Telephone Salesmanship

The 13,000,000 telephone inquiries received every year from shippers and travelers, each a possible lead to new business in the view of the management, prompted the special training in telephone salesmanship the S.P. is now emphasizing. In cooperation with Pacific Telephone & Telegraph Co., a study was made of the telephone needs and physical setup throughout the rail system and a manual of use prepared to serve as a textbook for employee education. A feature of the present training is the installation of an amplifying device whereby employees listen to telephone conversations handled by fellow workers.

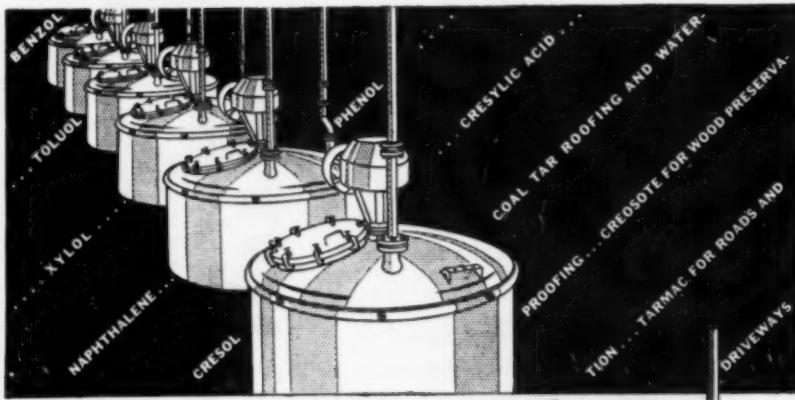
Plans call for preparation of two other manuals as a basis for employee conference work—one, for operating employees who contact the public to stress importance of proper handling of customers or prospects, the other to set forth standards of selling for those in the traffic department who deal directly with patrons over the counter. Sound motion pictures and talks by experienced salesmen and other S.P. department heads will extend the textbook information into practical demonstration at conferences.

### Training Aids

S.P. experience so far has revealed two efficient tools already at hand for certain phases of employee training—the club of which all the railroad's workers are members, and the monthly magazine published in San Francisco and Houston.

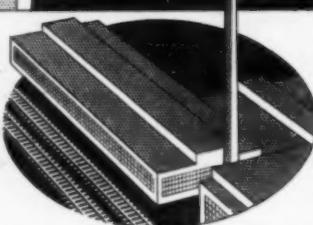
Aggressive advertising carried on in 1935 continues this year alongside development of the training plan. S.P.'s lineage last year in the 369 daily and Sunday newspapers of 95 important cities (reported by Media Records) totaled 836,287 lines, largest of any railroad in the country. A novel outdoor

### KOPPERS AND THE DYE INDUSTRY



The phenomenal growth of the dye industry in this country requires huge and dependable sources of chemical raw materials. Koppers has played an important part in supplying the coal tar chemicals for this important industry. Koppers has also supplied roofing, waterproofing and road materials which have been used in the construction and maintenance of many plants in the dye industry.

**KOPPERS PRODUCTS CO.**  
**PITTSBURGH, PENNSYLVANIA**



1. Tarmac for Roads
2. Roofing Materials
3. Waterproofing Materials
4. Bituminous Paints
5. Creosote for Wood Preservation
6. Light Oils
7. Tar Acids
8. Coal Tar Pitches

board displays featuring "Next Time Try the Train," at points on highways where surveys show automobile driving to be most wearing or where fatigue is most probable.

Essence of S.P. sales plan is the statement by Pres. A. D. McDonald: "First necessity is to produce a service we can sell successfully in an increasingly competitive market. To do this we must add high standards of personal service that will win us public preference."

## New Trolleys Liked

**Passengers in Washington prefer new-model street cars, with quieter riding.**

WASHINGTON (D. C.) people like the new-model street cars. These are fashioned after the famous President's Conference Committee million-dollar car, that has been so long impending, and embrace some of the new features that have come out of the cooperative research and development which the electric transit industry has been carrying over. Among them are quick acceleration, rubber springs, and magnetic brakes that bear directly on the rail.

The Capital Transit Co. has had 20 of these cars in operation for six months or more. They recently made a checkup to see whether the customers like them. They find that over the selected route the new cars were picking up an average of 18.2 passengers per car against an average of 8.7 people who boarded the old cars as they came along. The new design, quieter riding, and greater ease were attracting the business.

Brooklyn expects to have 100 similar cars in use within the next month or so. But these, instead of merely following the general pattern of the million-dollar car, will follow that pattern exactly. As the first of such cars put into actual operation, they will have many new features, still a state secret.

## Railroad Cooling

**Air-conditioning to be studied by 30 roads. Eastman suggests other passenger improvements.**

To decide how railroad air-conditioning equipment, which is increasing rapidly, can be improved and standardized so as to reduce cost of installation and maintenance, 30 railroads have been requested by Association of American Railroads to assign engineers for three months' research to be directed by L. W. Wallace, chief of A.A.R.'s equipment research division. This squad will also inquire into the relative efficiency of various types of devices and observe whether the climate in cars is entirely right for passenger comfort.

Interstate Commerce Commissioner Eastman also had to suggest this week several directions in which he thinks passenger service can be improved. Principally through (1) increased use of self-propelled lightweight cars for quick, frequent, and flexible short-haul service; (2) grouping of ticket sales promotion activities by route channels; (3) thorough overhauling of railroad-Pullman relations. Instead of present system under which Pullman Co. supplies service and is generally guaranteed car earnings to cover operating expenses and shares in any surplus over that amount, Eastman proposes that railroads pay Pullman for the cars, properly equipped, on a per mile or per diem basis.

The air-conditioning engineers will have a special course of instruction at Ohio State University and laboratory work at the Mt. Clare shops of the Baltimore & Ohio, and the Pullman plant in Chicago will be inspected. After that the engineers will scatter to make studies and tests of installations in operation on individual roads. There are now 7,000 air-conditioned cars in operation. Independently of this study, Eastman pointed a finger at agreements between railroads and the Pullman Co. in which the expense of air-conditioning is assumed entirely by the railroad. This arrangement and the terms of agreements governing operation of reserved car equipment generally seems, Eastman observed, to retard rather than encourage invention of improved equipment.

He congratulated the railroads, however, on these steps they are taking to make passenger service profitable: air conditioning and modernization; speeding up of trains; reductions in basic fare and in operating cost.



**VOCAL FINANCIAL NEWS**—Dow-Jones steps into the broadcast field with "Dow-Vox," a loud-speaker which carries financial reports right to the executive's desk. The receiver may be adjusted to obtain only important flashes, or a full running news report. (Shown is instrument installed in offices of Shearson Hammill & Co., New York.)



## FOR Paint, Varnish & Lacquer

**B**etter raw materials for the paint, varnish, and lacquer industries have resulted from the extensive research facilities which Hercules Powder Company maintains for these important consumers of Hercules products. New resins, special solvents, and a new group of cellulose derivatives are among the modern materials developed for these and other industries served by Hercules.

★ **Some Hercules Products:** Cellulose Products . . . Rosin, Rosin Derivatives, Spirits of Turpentine, Pine Oil . . . Chemical Cotton . . . Paper Makers Chemicals . . . General Industrial Chemicals . . . Commercial Explosives, Sporting Powders.

★ **Some Industries Using Hercules Products:** Textile, Paper, Construction, Plastics, Metallurgical, Disinfectant, Insecticide, Paint, Varnish, Lacquer, Soap, Synthetic Fibres, Mining, Quarrying, Foundry, Ink, General Chemicals.

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## IN THE MINE



### Instead of the Gun

Black Powder—the oldest form of explosive—was conceived as an instrument of War.

But now that concept is obsolete—and Black Powder has been modernized to become a useful force in scientific industry.

In its newest form—Atlas Blakstix—it has added tremendously to the mining of better coal at lower costs—cleaner coal, better sized and more acceptable to the consumer.

Blakstix-type Black Powder is only one of many contributions Atlas is making to the forward march of Industry.



**ATLAS**  
POWDER COMPANY  
Wilmington - Delaware

*Just Published*

## HOW TO USE PSYCHOLOGY IN BUSINESS

by DONALD A. LAIRD

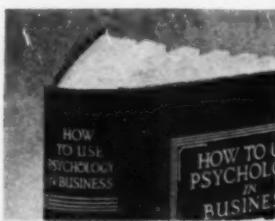
Rivercrest Laboratory, Hamilton, N. Y.

Knowing what is in this book is as important for smooth success in business as knowing the rudiments of merchandising. Here is a clearly written presentation of what the average business man should know about psychology and what it can do for him every business day. The book shows him how he can analyze, understand and develop human personality in himself and in others and how he can utilize this information for more satisfactory and profitable solution of everyday business problems.

### What this book does

- tells what psychology can do for the business man
- shows how to lower costs, build profits and morale with psychology
- gives facts about ability in people that help in employing, training, supervising
- takes the mystery out of psychological tests; describes tests and shows how to apply them
- gives pointers and methods for overcoming fatigue in yourself and others.
- tells how to measure judgment, truthfulness, character, energy, and other qualities in people
- deals with the make-up of the radical, trouble-maker, and reformer. The business man beset from these quarters should study these sections of the book closely.
- etc., etc.

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(Books sent on approval in U. S. and Canada only.)

## Roads Win Big Sum

\$50,000,000 will probably be gained by I.C.C.'s extension of freight surcharges.

By granting a six months' extension from July 1 of most of the emergency freight rate surcharges, the Interstate Commerce Commission has put the country's railroads out of pocket only about \$5,000,000 and virtually assured a fair-sized net profit for 1936 (BW—May 23'36, p34).

Modifications reduced income from the surcharges only a moderate amount—and the net result is that the carriers will realize about \$50,000,000 from the prolongation of higher rates. The I.C.C. order, further, leaves the door open to keeping some of the special tariffs on a permanent basis.

But continuing the surcharges indefinitely is "out." The commission feels that that is no way to solve the problem; that it might divert traffic to trucks and competing carriers, and that the solution of railroad revenues might better be found (a) in reducing operating costs and (b) possibly in reducing rates.

The commission concedes that some traffic has been permanently lost to the railroads since the surcharges were applied in April, 1935, but believes that the \$105,000,000 which they have brought in 12 months is not offset by any considerable shrinkage. Expansion of traffic during this period has been greater on freight subject to charges than on freight which is exempt.

### Some Charges Reduced

The railroads have reduced or eliminated surcharges wherever traffic threatened to jump the track. And the I.C.C., reviewing the effect of the emergency revenue measure from a broader standpoint, felt that the added charges have been unduly hard on a few industries. On coal, which has produced 30% of the surcharge revenue, the commission has reduced the maximum charge from 15¢ to 10¢ a ton and on iron ore from 10¢ to 8¢. This affects principally the more prosperous roads: Chesapeake & Ohio, Norfolk & Western, Duluth, Missabe & Northern. On pig iron the charge was cut from 2¢ per 100 lb. to 25¢ per long ton. Charges were reduced on iron pyrites, rough stone, terrazzo aggregate, raw peanuts, sand, gravel, and crushed stone; eliminated from unmanufactured tobacco, flaxseed screenings, nonferrous ores and concentrates, walnut, butternut, and Spanish cedar.

In violent disagreement with the majority, Commissioners Aitchison, Porter, and Tate assert that the railroads' revenue would be greater today if the surcharges had never been imposed and that the situation which required relief 15 months ago is past.

## New Products

New things, new designs, new packages, new manufacturing and marketing methods.

In asking further information on new products or submitting data on newer ones, address *Business Week's* Chicago offices—520 N. Michigan Ave.

THE Presto positive oiler, announced by V. R. Hall Products Co., is of fountain-pen size; made of brass, with a Pyralin insert to make contents visible; has a spout that is long and slender for easier reaching of remote places, and a precision-pin oil release which delivers  $\frac{1}{10}$  drop of oil with each contact. It has a clip so that service men can carry it in their pockets and it is advertised as being leak-proof.

INLAND MANUFACTURING Co. offers the Inlanterna, an antenna for use on radio-equipped automobiles. It is covered with rubber, is said to be proof against weather, abrasion, and rust, and requires no special tools for installation as its adjustable brackets fit any under-car construction. To eliminate directional effects it comes in two sections, which are fitted under the right and left running board of the car.

FOR the sole purpose of relieving hay fever and asthma, the Chandler Co. advertises Depollen-Aire. It is operated by a small motor, has easily replaceable air filters, and adjustable louvres for refiltration and recirculation of room air when no air from the outside is desired. It will fit into any lift-sash window, comes supplied with side fillers for sealing openings, extends only 9" into the room.

HOWARD SAFETY WINDOW Co. announces a new fixture which allows sash-type windows to tilt inward, at the center rail, thereby permitting draftless ventilation of rooms, while the normal up-and-down adjustment of the windows is not interfered with. The fixture consists of a metal shoe to which the sash is attached by a pivot which permits inward tilting of the sash. This metal shoe slides in a metal channel which permits the window to be raised or lowered in the usual manner. The sash-weight cords operate on the sliding shoe. Furthermore, the whole window area can be opened for ventilating purposes by the simple removal of both upper and lower sash after release of the pivot pins.

PASLODE Co. advertises a device for stapling the overlapping flaps of corrugated or fiber cartons in place of gluing them or sealing with gummed tape. It has an "S" anvil, which permits it to slide along the overlapped flap and drive

the staples from end to end in one operation. The resulting bond is said to be exceptionally strong and not affected by moisture or atmospheric conditions.

RAYLIG is now offered by Ranier Pulp and Paper Co. for surfacing of secondary roads, driveways, parking lots, runways at airports and other places where a low-priced surfacing treatment is wanted. It is supplied in powder or liquid form, requires no complicated technique in application and is ready for use immediately after laying.

NORTHWEST AIR SERVICE, INC., has started production of a new tool for straightening metal airplane propeller blades. It consists of a pair of clamps which handle 6" of propeller blades at a time, and is operated by a long lever. It is claimed that this device not only will straighten blades but may be used for repitching certain types of metal propellers.

PEN-A-TRATE is a new joint breaker, offered by Grapho Products, Inc. It is represented as being non-explosive, non-injurious to metal, and as a quick-creeping, quick-acting fluid that will promptly penetrate between the threads or surfaces and break the rust or corrosion by dissolving and converting them into a fine powder. The maker states that it has no lubricating value.

DRACCO multi-bag filters are offered by Dracco Corp. for use in plants where dust control or dust elimination is essential to the welfare of the workers. It is claimed that exceptional efficiency is obtained through the multi-bag plan, that initial and operating costs are low, that replacement of filter bags is easy and free from danger, and that the filters meet requirements of state codes.

LEWIS MANUFACTURING CO. brings out the Lewis street stiper for painting traffic-guiding stripes on streets and roads. It is mounted on wheels, similar to a tennis-court marker, and has a large paint reservoir from which a positive-action gear pump draws the paint and forces it against the face of a flexible rubber wheel, which lays the stripe of paint by rotary printing action.

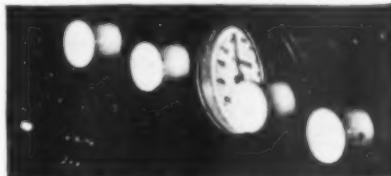
THE Moderne secretarial notebook announced by the School Stationers Corp. comes with heavy cardboard covers which permit the book to stand by itself while notes are transcribed, and a highly flexible binding is said to eliminate any curvature at top of page and permit each sheet to lie flat at all times.

## PLASKON



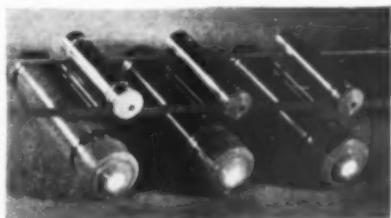
### PARKER PEN SALES SWING SHARPLY UP

in June because the Vacumatic pen and pencil set is a most logical graduation present. This June, sales are particularly good. Parker says that the lustrous Plaskon Gift Case—the perfect jewelry or cigarette case given with each purchase—is one big reason why.



### THE NEW RCA RADIO FOR HUDSON CARS

is an excellent example of Plaskon's use for knobs, handles or fittings. The knob on it that brings Bing and Benny is molded of smooth, pleasant-to-the-touch ivory Molded Color. Permanent and lovely color, wear-proof surface and uniform strength—Plaskon's main advantages—are the reasons for the specification.



### ABOUT 800,000 USONA FLASHLIGHTS

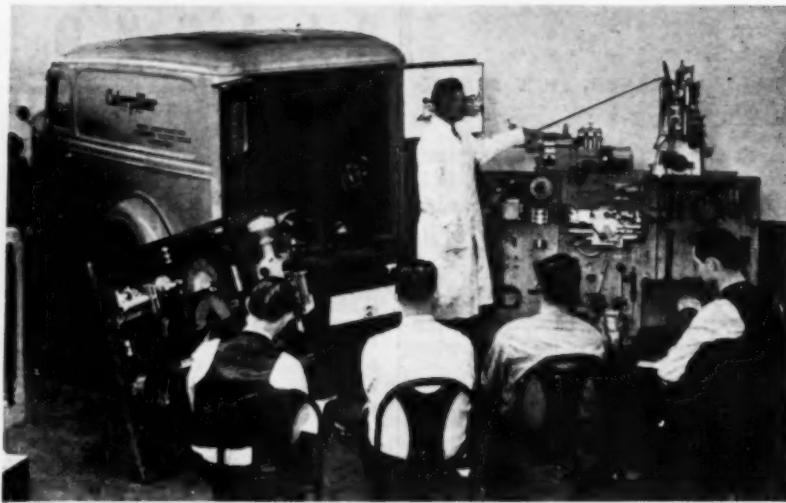
with molded red, green, yellow and white Plaskon heads have been snapped up since last September. So encouraging a success led Usona to introduce a larger size this month. The translucent, colorful, non-corroding flashlight heads of Plaskon are a novel feature that clicked.

If you manufacture or sell these products, or similar products, or a product which needs color, eye-appeal, durability and modernity—you should know everything about the plastic, Plaskon. Write today (telling us what you make) for complete information.

PLASKON COMPANY  
INCORPORATED

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TOLEDO, OHIO

CANADIAN AGENTS, CANADIAN  
INDUSTRIES LIMITED, MONTREAL, P. Q.



*Business Week*

**DIESEL COLLEGE**—When diesel tractor sales jumped into a 9 to 1 lead on the Caterpillar Tractor Co. charts, the service department got busy in a hurry, fixed up a fleet of panel trucks, put each in charge of a factory-trained service man, shot them out to 350 Caterpillar agencies to give service men thorough instruction in diesel lore. Cutaway assemblies, motion pictures, slide films and wall charts are used to give variety and interest to the story.

## Insuring Insurance Companies

**Plan is urged as result of brief experience with revolving fund for companies writing workmen's compensation. Several states are acting.**

INSURING insurance may sound a bit like gilding the lily but it has been undertaken in connection with industrial compensation. So far the movement is small—only four states have acted—but its spread, geographically and into other classes of risks, seems certain. Some day, advocates predict, there may be revolving funds to protect every type of policyholder.

The way it started is this: In New York the state was contemplating a fund to underwrite workmen's compensation. The insurance companies in the field agreed to the revolving fund to avoid turning the entire business over to a public agency. Two funds were created, one for stock companies and another for mutuals; both pay 1% of all compensation premiums to the state, the former to build a fund equal to 5% of their reserves for outstanding losses or to \$2,300,000, whichever is greater, and the latter until their fund equals 5% or \$700,000. Payments are to be resumed if these funds are depleted upon the failure of companies owing compensation claims. The plan has been in effect only about a year in New York but already Minnesota, Wisconsin, North Carolina, and New Jersey have launched similar funds.

Now comes New York's Superintendent of Insurance, Louis H. Pink, with an analysis which, he believes, shows that the revolving fund idea can be

applied to every type of insurance with the possible exception of life. His survey covers companies domiciled in his state, writing about 40% of the nation's insurance, and traces their records through 1915-34.

During those decades 82 companies went under with net claims (allowed) of \$72,568,161—loss from unpaid claims was 60%. Losses were \$40,519,802 in the stock casualty and surety companies (not because of mismanagement, Mr. Pink declares, but because these companies are particularly sensitive to general business conditions).

### Small Reserve Needed

These companies collected \$3,956,000,000 of premiums in the 20 years, and a reserve of 1% put into a revolving fund would have virtually equaled losses without allowing for interest. (Besides, losses were unusual due to the failure of National Surety with a \$12,000,000 loss; the bankruptcy is attributed by Mr. Pink to guaranty of \$70,000,000 of mortgages which, he asserts, was not the company's "proper business" and such losses probably will "not occur again in any casualty and surety company.") Mutual casualty companies, despite what Mr. Pink calls "one of the blackest records" due to small companies writing compulsory taxicab automobile insurance, could have covered losses of \$2,000,000 in the 20 years

with a fund of little over  $\frac{1}{2}$  of 1% of premiums.

Fire companies over the 20 years covered all losses, and marine companies lost only \$350,000 in liquidations; they collected \$8,000,000,000 in premiums. New York life companies, with the imposing premium income of \$18,441,000,000, had not a single failure.

## Unite for Exports

**Scrap industry proposes association under Webb-Pomerene law to aid foreign trade.**

WHEN the scrap iron and steel industry proposed recently that it get together in an American Scrap Exporters Association to promote foreign trade in scrap and to arrange cooperative chartering of ships to save freight charges, fresh interest was stirred in export business under the 18-year-old Webb-Pomerene law.

Anti-trust laws in this country make it illegal for related industries to group together and fix prices and terms. When competition for foreign markets became keen, and when an increasing number of American industries found themselves after the war in a difficult position to maintain new markets, Congress passed the Webb-Pomerene law which made it possible for industries to unite to boost their export business.

Within two years after the law was passed, 43 export associations had been formed by groups of related industries. First to take advantage of the new law were the lumber, copper, steel, and chemical exporters. Exporters of railway equipment, machinery, and certain foods followed. In 1929 the petroleum industry joined the crowd, and textiles followed in 1930. By 1931, a total of 57 groups were handling export sales under the special provisions of the law. A few dropped out during the depression, but there were still 44 at the end of last year.

Business handled by the associations touched a peak of \$724,000,000 in 1929, with the metals and metal products groups selling the largest volume. In 1934, the last year for which data are available, export sales by the 44 organizations totaled only \$146,000,000, with mineral and petroleum groups at the top.

The revival of business in Europe, and the rapid expansion of the iron and steel industry in Japan, have created a tremendous export trade in iron and steel scrap. In 1933, we exported less than 800,000 tons of scrap. By 1935, this had jumped to 2,047,290 tons.

These are the reasons why the scrap people in this country are considering an export association to handle their business. It will place them in a stronger competitive position abroad, where they have to sell to centralized agencies.

# Business Abroad

## Britain fears spread of aggressive labor movement from Continent; France looks for more radical legislation; everyone fears an explosion in Central Europe: naturally world business is worried.

POLITICAL tensions the world over have unsettled business this week. Labor has gone back to work in France, but not before winning important concessions from employers and the government. Fear now is that Blum is just coming to the

shek for cheating them out of victory in their Central China rebellion seven years ago. With Nanking troops seriously occupied with Japan in the northeast, and Communists in the northwest, now seems a good time to move.

**China for the Japanese**

Britain has the worst case of jitters in years over the fear that the defiant labor spirit will spread from the Continent, that France is destined for more serious trouble, and that Hitler may seize the opportunity to make trouble.

Paris, on the other hand, has rumors of a treacherous situation in Berlin where Hitler fears that Left wing Nazis may break loose before fall with radical demands which will freeze recent British cordiality and precipitate trouble in the East.

There is no proof yet that Japanese military agents have inspired the drive now, but Japan is moving swiftly on

every front to work out her plan to

dominate Eastern Asia.

Japanese smuggling into North China continues brazenly. Europeans and Americans who made preseason visits to Peitaiho, focal vacation center for foreigners on the bay opposite Chinwangtao, found the streets of the village piled high with contraband goods—especially rayon and sugar. Freighters were anchored in the bay, and swarms of coolies were busy unloading them.

Customs authorities in Tientsin, the port through which these goods should normally enter the country, estimate that

they have lost \$15,000,000 because of the smuggling. Volume of smuggled goods is accelerating, so that the loss of customs revenue has now approached \$900,000 a week.

Just as the Chinese government has announced that it will establish customs frontiers south of Tientsin in territory which is still indisputedly Chinese, reports come from Shantung that the smuggling has now extended to that province's ports. Other foreigners, realizing that they can no longer compete with Japan unless they will also smuggle their goods through the lower tariff regions, are reported now to have hired White Russians who are numerous in that area to run their goods into the Tientsin or Peiping markets for them.

Within the last two months, smuggled items have spread to glassware, wine, canned goods, and candles.

Seventy per cent of the cigarettes smoked in Manchukuo are still sold by British and American tobacco interests, but the new Japanese-financed Toa Tobacco Co. is making rapid gains. The Monopoly Bureau of the Tokyo Finance Ministry, in a recent report, spoke frankly: "The advance of Toa has forced the American and British trusts to retreat markedly."

As a final tie linking Manchukuo to Japan, Tokyo announced recently that the two countries would adopt a common time standard at the beginning of next year when Manchukuoans will push their clocks ahead an hour.

## Soviet Union

**Moscow will demand more concessions in trade pact with Washington. Carloadings touch new high of 85,000.**

MOSCOW (Cable)—Russia, in the one-year trade agreement which it signed with the United States last July, prom-

## Far East

### China's civil strife provides smokescreen for fresh Japanese aggression. Foreigners join Japan in smuggling.

FACTIONALISM, spite, and greed are behind the newest civil disturbances in China. Military and political leaders at Canton have never forgiven Chiang Kai-



**WHY PAY DUTY?**—That is the attitude of smugglers who are pouring a vast stream of cut-rate merchandise (mostly textiles and sugar) into China. This is an actual picture of the activity near Chinwangtao, where a strip of seacoast is under Japanese control

and outside the reach of Chinese authorities. Chinese merchants see their own goods deteriorating on the shelves, and factories slowing down for lack of demand, while the smugglers gather new converts to a free and easy trade.

ised to purchase \$30,000,000 worth of goods in the course of the 12-month period. Purchases actually have exceeded \$40,000,000, which means that American exports to Russia have doubled in the course of the year as compared with the previous year.

### Moscow Will Bargain

With the approaching expiration of the agreement, Russia is now analyzing the benefits which have accrued as a result of the application of the most-favored-nation clause, and finds a cause for complaint.

In a lengthy editorial in today's *Journal de Moscou*, official organ of the foreign office, further tariff concessions from the United States are called for, especially on coal and lumber.

The Soviet Union, it is claimed, has been unable to enlarge its lumber shipments because of the extension of most-favored-nation treatment to Canada, which is so close to the United States that shipping costs can't compare.

As to coal, it is argued that Soviet exports again suffer due to the fact that other countries have been given concessions on this product under the Revenue Act of 1932, while the Soviets must operate under the unfavorable act of 1934.

The agreement reached last July on the whole is deemed to have justified itself for having established "a stable and juridical basis for further development of Soviet-American commercial relations." Russians, however, will demand added concessions when the question of renewal of the agreement comes up.

Chief benefits of the agreement, Moscow declares, are the increased sales of Soviet manganese, linen cloth, and matches.

## France

### Industry is alarmed over increased costs under Socialist government. More radical legislation is proposed.

PARIS (Cable)—The French strikes are coming to an end without any record of violence or even of extreme inconvenience. The strikers have won their minimum demands, and the Chamber has passed the first series of labor laws, most important of which is the 40-hour work week.

The future remains a problem.

Labor has had a taste of easy victory and may continue to make extreme demands which ultimately will not be supported by the more conservative elements in the Popular Front which voted the Blum government into office, and which will eventually run into aggressive opposition from Right wing parties.

More serious is the problem confronting management. It is estimated that the wage increases which have been voted will boost costs nearly one-third.

Not even the promise of the government to provide cheap credits for industry can counteract this completely, and French manufacturers are faced with a new competitive problem both at home and abroad.

There is an amazing similarity between the reform proposals of the Blum cabinet and the New Deal program attempted in the United States under the Roosevelt administration.

The Communists have proposed a bill taxing wealth through a capital levy on all estates of more than 1,000,000 francs. This bill provides that each citizen will declare the amount of his estate, the various declarations to be posted in the town hall of the residence of the declarer. A public register of all estates would thus be established in about a year's time, and an extraordinary estate tax would be levied with rates rising on a sliding scale from 5% on estates of one to two million francs to 25% on 50 million francs and above. Pending the constitution of this public estate register, the estates would be calculated during the first year on the basis of the declared income based on a 5% capitalization of the income, so it corresponds to a super income tax.

### Never Unconstitutional

It should not be forgotten that there are two major differences between the government setups in France and the United States which would affect any New Deal developments. The French government lasts only so long as it is supported by parliament, in contrast to the 4-year term in the United States. There is no Supreme Court in France for the suppression of anti-constitutional legislation, because the French constitution contains no charter of individual rights but only a statute of the country's administration. Consequently, no law is unconstitutional in France.

The alarm which business feels over recent developments in France is neatly epitomized in one recent development. A number of large industrial companies have distributed to their shareholders a part of their surplus, either in the form of extra dividends or a share splitup. This has been done in order to reduce taxes on reserves in case the Socialists copy the Roosevelt program that closely. It also gives individual stockholders an opportunity to export their capital as a hedge against devaluation. Corporations are watched too closely to manage this maneuver themselves.

## Germany

### Trade drive in Balkans brings big orders, helps industry.

BERLIN (Cable)—All of Germany's energies are concentrated on the welcoming of the Olympics guests whose spending in the Reich during the summer is expected to improve the foreign exchange situation.

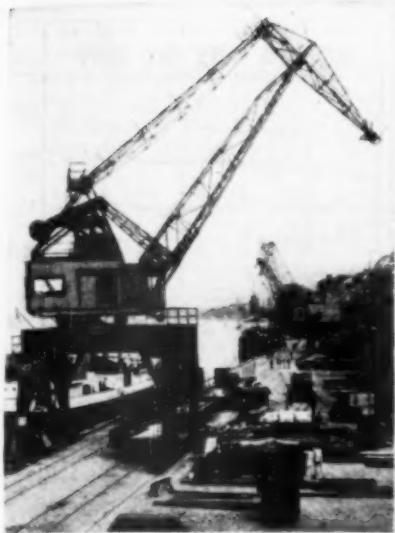
Two items in the foreign affairs agenda are attracting more than usual interest. The first, and much the more important from the economic point of view is the successful trip of Dr. Schacht through the Balkan states. Clearing arrangements with the nations in this area have been smoothed; new friendships have been cultivated; and actual new orders have been booked. Biggest gains in business will be with Yugoslavia where Germany has been developing trade channels for more than three years. Germans have supplanted Italians as both the major supplier and customer in Yugoslavia.

The second is the belief that Germany will before long reply to the British questionnaire on Nazi policies. The public generally expects a firm demand for colonies.



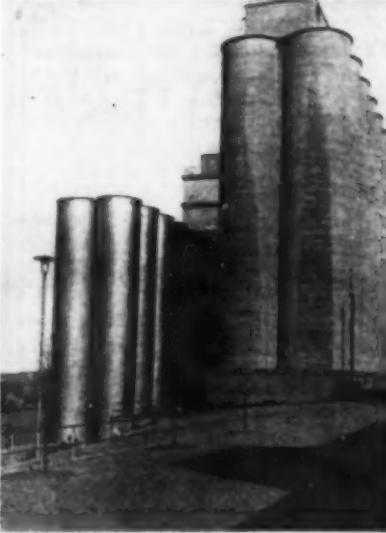
Automotive Industries

**JAPAN'S FLYING FLEA**—Nippon Aircraft Manufacturing Co. has begun production of the light plane developed in France and dubbed "Flying Flea." It is powered by a 20 hp. Auviere Dune engine and the makers plan to sell it for about 400 yen (\$1,170).



*Underwood & Underwood*

**SWEDEN'S TRADE BOOM**—Stockholm, a leading exporter of ore, is trading minerals for fruits and corn from South America. Some two dozen good harbors make up the port of Stockholm, and the docks are busy (left). At right is one of the immense granaries recently completed to help store grain imports until the consumers need them.



*Wide World*

## Great Britain

**Growing Belgian strikes are likely to encourage British labor to demand 40-hour week. New war fears develop.**

**LONDON (Cable)**—The business tone is uncertain. Britain will abandon sanctions, and attempt to patch up the breach with Italy. Anthony Eden may resign from the cabinet, or he may agree to the new non-sanctionist policy."

Main preoccupation is the "red" sweep in France. This, the British fear, may be construed by Hitler as a cue for action, thus precipitating the war everyone fears. On the other hand, a red France would relieve Britain of commitments to the old régime, might be preparatory to a definite Anglo-Germanic alliance, leading eventually to a peace guarantee from the great anti-Communist powers—Britain, Germany, Italy, and (after the recovery of France by a Right wing *coup d'état*) France.

For the moment, these are mere political speculations. The immediate concern is France alone. If the franc goes, or if there are drastic restrictions, Franco-British trade will suffer. It balances at around \$100,000,000 a year on each side, with a slight favorable balance of \$10,000,000 to \$15,000,000 in Britain's favor. Having wilfully cut off Italian trade and seen about \$25,000,000 a year lost through the Spanish revolution, Britain views this prospect glumly.

Stock markets are slack and financiers fear that France will sequester the \$900,000,000 or so of gold now in the Bank of France to account of the British Exchange Equalization Fund and the Bankers' Credit. If this metal is replaced by blocked francs (on the German model),

executives here and many financial institutions will be hard hit.

The situation is darkened this week by the spreading strikes in Belgium, and the acute fear that the 40-hour week fever will spread quickly to British industry. Labor is in a favorable bargaining position now, with industries working to capacity on war orders and contracts for industrial expansion.

There is the additional fear that the Mohammedans in French colonies will stir up trouble and that France and Britain will have an Arab revolt of large proportions on their hands. Britain's hold on the Suez route to the Middle and Far East was never weaker.

In the midst of these worries, Germany is expected to precipitate further trouble by replying to the British questionnaire with a firm demand for colonies. This will cause dissension between the imperial governments and the Dominions.

## Canada

**Supreme Court invalidates New Deal. Broadcasting control is changed.**

**OTTAWA**—Canada's Supreme Court handed down its decision on New Deal legislation this week, and was almost as severe as its Washington counterpart. All that is left to the Dominion of the vast recovery legislation passed by the Bennett government are the laws adjusting farm credit and amending the Criminal Code to put an end to price discrimination.

A tie vote on the maximum hours, minimum wage regulations leaves labor and management in the air, for it is as meaningless as no decision at all.

Most important is the invalidating of the Natural Products Marketing Act (the Dominion's parallel to the Roosevelt NRA), and the social security legislation. Even the present King government was reluctant to have the social security have held unconstitutional.

Changes in the control of the Bank of Canada, Canadian National Railways, national radio broadcasting, Canadian harbors, unemployment relief administration, and numerous branches of the government services are made in legislation passed this session.

### Government Will Own Bank

The Bank of Canada comes under government majority ownership and control through issue of new capital stock to be owned by the government and appointment of a majority of the directors by the government—this for the purpose of having the bank in sympathy with government policy in the control and regulation of credit and currency.

Administration of Canadian National Railways passes from a board of three trustees to a board of seven directors more responsible to the government.

The commission of three operating the national radio system is to be replaced by a government company with honorary governors and a general manager to run the business.

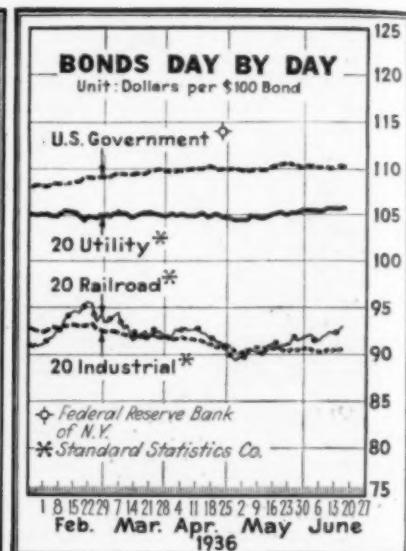
A national commission has been set up to look after unemployment and seek remedies. Separate administrative boards for the ocean ports of the country are dropped and a central body created.

### Aid for Provinces

The government got through the Commons a bill to assist the provinces in raising revenue by giving them, through constitutional amendment, powers of indirect taxation, but the Senate threw it out. It consented, however, to a constitutional amendment to permit loan councils to supervise provincial borrowings where the federal government will guarantee them.

Alberta this week offered interest on provincial bonds at the arbitrary rate of 2½%—half the contract rate—but it is not known yet to what extent it was accepted. The bond holders' protective committee which has been meeting at Edmonton urged bondholders not to cash their interest coupons.

Canadians in considerable numbers are going on shopping trips to United States cities, taking advantage of the new \$100 exemption provided for in the Canada-United States trade treaty. Regulations governing the exemption announced last week are generous—providing mainly that the goods must be for the personal use of the importer. Cigarettes imported free are limited to 200, cigars to 50. Canadian merchants feel the exemption will encourage Americans to be more liberal in their tourist spending in Canada.



## Money and the Markets

**Bonus money and good business in general, added to political hopes, given credit for market rise.**

It's debatable whether much of veterans' bonus money went into stocks this week, but it doesn't matter because others were buying in expectation of a bonus-business rise. Prices in most leading markets (commodities as well as securities) greeted June 15 with renewed vigor—prices rose and stock volume was the best in a month.

Bonus money and good business notwithstanding, there is valid reason to be-

lieve that hopes for a change in cast on the Washington stage is the main factor in the recent recovery in stock prices. The strongest evidence is the leadership provided by the utility shares—some buyers are reported to be getting into the utilities rather than betting on the election, feeling that there will be no major decline in these shares if President Roosevelt is reelected and that they will boom if he loses.

Of course, there is no doubt that business news is being reflected too. Take the steel shares. These companies are rounding out the best quarter since 1931 and there are estimates that U. S. Steel earned more than \$10,000,000 net in April and May—about 70¢ a common share after allowing for preferred dividends. Thus the current quarter will top the second in 1934 which made the best recent showing with \$5,305,241 net and there once more is talk of higher preferred dividends—the stock has been receiving only \$2 a share annually since early in 1933 and accumulations amount to \$17.50.

### Tradition Shattered

Resignation of George F. Baker from the board of directors and membership on Big Steel's finance committee this week snapped a tradition of two generations' standing and turned the attention of the financial district from markets to corporate affairs and the Baker régime.

Although the Baker interests will continue to tie in with U. S. Steel (Leon Fraser, vice-president of the First National Bank of New York, of which Mr. Baker is chairman, succeeds to the steel post), the fact remains that a Baker has been represented personally on the Steel board since 1905, when Mr. Baker's father (even now frequently referred to as "Baker senior") first became a director.

Both Bakers served on the board from April, 1922, to the elder Baker's death

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in May, 1931. The senior Baker was a colorful figure in the financial district and his association with Steel was part of the tradition of the company, in the establishment of which he and the late J. P. Morgan played an important part.

Likewise, the Morgans and the Bakers were powers in New York Central; hence when the younger Baker preferred not to be reelected to the Central board last month and was succeeded by George Whitney of the Morgan firm, little was thought of the change. Simply because the First National and the Morgan bank have always been closely allied in their business interests.

#### Also Quits Pullman

The dropping of the Steel portfolio was different. And then, the very next day—Wednesday—the retirement of Mr. Baker from the board of the Pullman Co. (another old-line Morgan-Baker enterprise) was announced. Wall Street drew a natural conclusion: That Mr. Baker was gradually withdrawing from directorates to devote more time to (a) his bank or (b) his private investments or (c) his personal affairs.

At the end of 1935, Mr. Baker was a member of numerous directorates. Among them (excluding Steel, Central and Pullman) were American Telephone, Consolidated Edison (then Gas) of New York, General Electric, General Motors, Mutual Life Insurance, Provident Loan Society, and United States Trust Co.

James F. Bell, chairman of the board



Wide World

**BANKER, STELMAN**—Leon Fraser, vice-president of the First National Bank (N. Y.), succeeds George F. Baker, First National's chairman, as a director and member of the Finance Committee of U. S. Steel. Mr. Fraser came to the Baker bank from the presidency of the Bank for International Settlements.

of General Mills, Inc., succeeded Mr. Baker on the Pullman board.

Another break with old times came when it was announced that, on July 1, the 84-year-old firm of A. Iselin & Co. would make its exit from Wall Street. Its business will be acquired by Dominick & Dominick.

Iselin was one of the smaller, but none the less influential, private banking firms, and for many years served in a rôle similar to that of J. & W. Seligman, Speyer & Co., and like enterprises. The business was always conservative and "elite." The dullness of recent years probably has been a factor in the decision to surrender identity. For many years the firm was active in railroad affairs.

In 1934, because of the new legislation, the company formed Iselin Securities Corp. to engage in underwriting. A. Iselin & Co. continued in the private banking business. The Paris office of Iselin Securities Corp. will be carried on, but the London office, inasmuch as Dominick & Dominick has a branch there, will be discontinued.

Among commodities, cotton gave the most convincing performance this week as it marched steadily up from the 11¢ level. While the drought has been broken by rains in the Southeast, yields still are problematical. However, the size of the crop doesn't seem to be interesting traders so much at the moment

as the trade demand—the trade has been a persistent buyer and foreign orders have aided in boosting volume substantially. There is talk of a shortage before the end of July if the government doesn't turn loose some more of the 12¢ loan cotton—predictions of continued large world consumption of American lint promise still further reduction in the carryover in the coming crop year.

#### Wheat Has One Big Day

Wheat was less spectacular, aside from its one big day last Monday, despite the fact that blisteringly hot, dry weather persists over a good part of the Dakotas and western Minnesota. There has been definite drought damage and good rains are needed soon if an important part of the crop is not to be ruined. This damage inspired the 5¢ run-up in prices at Minneapolis the first of the week; Chicago prices followed but pressure developed in subsequent sessions.

Listed bond prices, though firm, made little headway, with interest once more turning to the new issue market. One of the week's large flotations was \$60,000,000 of 3½s for the Texas Corp., while several other important deals are due in the near future.

The forthcoming \$30,000,000 issue of New York Edison 3½s produced new evidence of revised bond offering methods, a change which many regard as the most constructive since the early days

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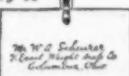
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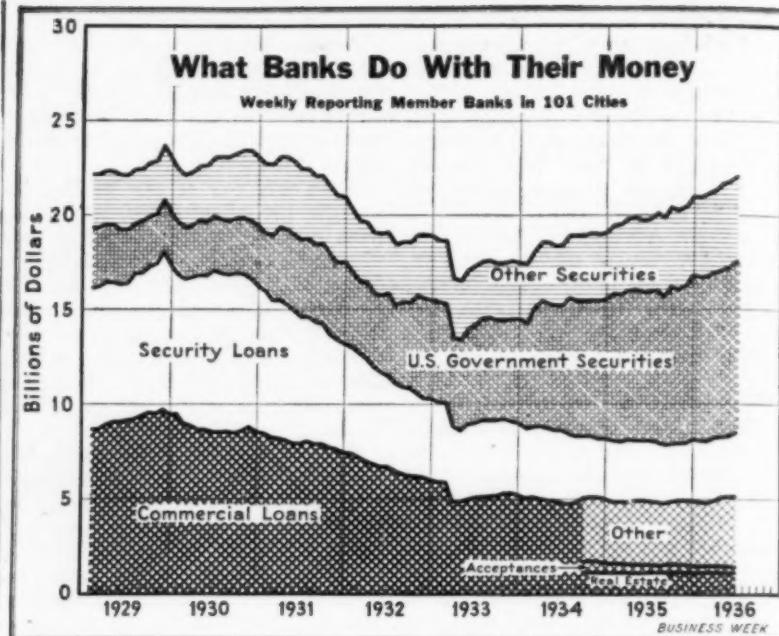
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of the "truth-in-securities" legislation. "Timing," the bond men call it; it is designed to remove a difficulty encountered in connection with SEC's 20-day "quarantine" on issues—the 20-day lapse required between the time the registration is applied for and the effective date when the bonds may be offered to the public. In the past the idea has been to offer the bonds immediately on the effective date. In addition to the mad rush which resulted, investment bankers on several occasions found that the issues made their appearances on inauspicious days. In a market which hits all-time highs every few weeks there are bound to be setbacks; an issue priced at the market one day may be too high the next. Moreover, if the SEC wants some last-minute change in the deal, reprinting of the prospectuses alone costs thousands of dollars.

### Issue to Be Timed

In the case of the new Edison bonds (interesting also because  $3\frac{1}{2}$ s are replacing  $6\frac{1}{2}$ s) the SEC states that there will be no "underwriting arrangements . . . before the effective date of the registration statement" but that there will be "negotiations for an underwriting agreement at an undetermined time after the effective date." That gives the bankers time to fit the issue to the market.

There have been enough "sticky" issues lately to indicate that better timing is advisable. For example, the group which recently handled the \$110,000,000 Brooklyn-Manhattan Transit deal announce sale of the \$65,000,000 of  $4\frac{1}{2}$ s but are reoffering the unsold portion (about \$22,241,000) of the \$45,000,000  $3\frac{1}{2}\%$  serial notes at higher yields.

Finland paid. That, as usual, sums up the June 15 war debt situation when

semi-annual installments were due from European nations. Total payable was \$193,789,042 from 13 governments, principally Great Britain and France; principal received was \$164,315. Unpaid amounts now aggregate \$1,159,958,451.

There are some signs in the foreign trade figures that the foreign debtors may be attaining a position to renew payments—if so minded. In other words, their "capacity to pay" or America's "capacity to receive" is improving.

In the 1928 and 1929 period, when commercial loans contributed to American exports, this country's so-called favorable balance of trade amounted to about one billion dollars annually, but this has been whittled down. In 1935, the export balance was \$235,000,000. It still means that the United States, as a creditor nation, is selling more than is bought. But the margin is smaller. And, if at some future time, this country's imports exceed exports, then foreign countries will not be able to clamor that they are unable to obtain the dollars with which to meet their payments.

### Chase Calls Preferred

Furthering the movement to retire the RFC from the commercial banking system, directors of the Chase National Bank this week adopted a plan to redeem the \$50,000,000 preferred stock. Recoveries on loans and other investments provided the funds. No new capital was necessary.

The American Acceptance Council's 17 years of activity came to an official close this week (BW—May 23 '36, p29) when members voted its dissolution. As previously announced, the American Bankers Association will undertake monthly publication of part of the statistics heretofore compiled by the council.

## Editorially Speaking—

TIGER whiskers, if cut up and put into food, are said to be fatal. Not so long ago in this country the same result was often produced by tiger milk. This drink had more than one name, but who could ever mistake the taste of it?

REP. HUDDLESTON of Birmingham not only christened his primary opponent with a ketchup bottle but launched him as a congressman. The winner of the nomination, which in Alabama amounts to the same thing as the election, is Luther Patrick, and his victory will sadden the House of Representatives, for Mr. Patrick is a lawyer who doubles as a "poet-radio entertainer."

BORN 100 years ago in a log cabin on the land where his house now stands, Holmes A. Conkey of Lockport, N. Y., has only been away from home one night in his life. What happened that night?

AN official of the Eugenics Research Association, whatever that may be, asserts that "a Mexican couple making its northward trek into this country can expect to have 729 great-grandchildren." Offhand you might call this silly, but really it's something else. It's the bunk. We can believe a great many things, but not that any official of the Eugenics Research Association actually believes that a Mexican couple in the United States will have 729 great-grandchildren.

HE gets his figure, obviously, by cubing 9. The Mexican couple will have nine children, each of whom will have nine children, a total of 81, each of whom will have nine children—grand total, 729. But make it grander. Go on at that rate and you'll find that your Mexican couple, if they entered the United States in 1900 with nine children, will in the year 2200 have descendants in the tenth generation numbering 3,486,784,401, or about twice the present population of the world.

BUT, in fact, of the original nine children probably three will die before maturity, the death rate being high in large families, especially among pioneers and immigrants, whether in New England in 1636 or in New Mexico in 1936. Of the surviving six, probably one won't marry and will stay childless; the remaining five will join five other people of the opposite sex to produce about five children per couple, of whom one or two will die in childhood. All told there may be 20 grandchildren, and not all of these will marry, and those that do will average two or three children apiece, like other Americans, and will have cars and refrigerators and will demand protection of American labor

against an alien invasion from Brazil, Vallombrosa, Tahiti, and Mars. Some of them, also, will deny their Mexican ancestry and will buy genealogical tables showing their descent from Spanish grandees who carved out magnificent estates in California during the sixteenth century.

MANY a governor has put a sales tax through his state legislature, and many a retailer has effectively hit back at him by orally earmarking the tax when collecting it from a customer. "Another penny, for Mr. Hoffman," is one reason why the New Jersey sales tax has been repealed. The same sort of tactics are whacking away at the gasoline tax, notably in Gov. Ehringhaus' North Carolina. We're told by the American Petroleum Industries Committee that a man drove up to a gasoline station and found this placard:

J. C. B. Ehringhaus.....	6¢
Franklin D. Roosevelt.....	1¢
The Company .....	6½¢
Transportation From Refinery.....	3¢
Me (If I Collect It).....	2¢
Total.....	18½¢

But Messrs. Ehringhaus and Roosevelt were no longer collecting from the writer of the placard. For something else had been chalked across it:

"Closed. To hell with such a business."

LONG BEACH, a seashore community on Long Island, N. Y., boasts that it is celebrating its twenty-ninth consecutive year without the services of an undertaker or a cemetery. "We're rated between first and third for water purity of all coastal cities," writes Mayor Charles Gold. "Look, we've got B. coli present in two —510 cc inoculations, and you know what that means, don't you?" Well, to make a clean breast of it, we do.

THE Gentleman on the Picture Desk isn't planning a return to Kansas in the next few months, and so he expects that at his next meeting with the present governor of Kansas he will address him as Mr. President instead of Alf.

HOWEVER, the Gentleman on the News Desk only gives Landon 13 states. He says Vandenberg's refusal of the second place on the ticket is the tip-off. Landon, he thinks, has only an outside chance of winning, and also an outside chance of dying in office if he wins, and so Knox has an outside outside chance of becoming President of the United States.

FROM June 22 to June 28 you can help celebrate National Swim Week, either by your own action or by telling someone else to go jump in the lake.



### SEVEN FEET LONG

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**HOTEL CLEVELAND**  
*Cleveland*

JUNE 20, 1936

## Attitude of Business

Business is for Landon. He will receive the active support of practically the entire business community in every part of the country except the Solid South, and even there the attitude of business will be sympathetic to him. For in this campaign Gov. Landon and his party represent a swing away from the New Deal and towards the older American traditions of decentralization, economy, and business independence.

This does not mean that business wholly agrees with Gov. Landon's opinions or with those expressed in the Republican platform. As most business men were gratified to observe, there was evidence of genuine social consciousness in the Cleveland convention. But there was also evidence of an opportunist attempt to compromise with the New Deal and avoid offense to many of its beneficiaries.

Consequently the platform, either expressly or by its silence, accepts most of the important New Deal enactments that have not been knocked out by the Supreme Court. It is therefore obvious that if the Republican Party wins the election it will have to support and administer policies that it would have considered radical a few years ago. In this course it cannot have the entire concurrence of business. But the party has taken the only position that gives it a chance to win, and business men will consider a Landon victory much preferable to a continuance and extension of the New Deal.

Above all, the Republican platform is right in its expression of the fundamental motive that should animate the Landon Administration in cancelling, as far as possible, Mr. Roosevelt's collectivism. The platform advocates "withdrawal of government from competition with private payrolls; elimination of unnecessary and hampering regulations," and "such other policies as will furnish a chance for individual enterprise, industrial expansion, and the restoration of jobs." This is the antithesis of the New Deal, and business will support Gov. Landon on this central issue.

Hardly less important is the plank on relief. By promising to return "responsibility for relief administration to non-political local agencies," and to require that the state and local governments pay a part of the cost, the platform commits the party to de-

centralization and economy. For local committees will be sure to remove undeserving people from relief and to cut the amounts paid to those who stay on the rolls. Thus the whole relief cost will be reduced, and the federal government will not pay all of it. This will mean the termination of federal deficits and the automatic disappearance of budgetary inflation.

A third plank is also reassuring. The party commits itself against the Wagner labor relations act. The Supreme Court will probably invalidate the Wagner act before the end of the year. Under the Landon Administration no new bill of the same general sort would be passed.

The social security plank, though good in some respects, has one glaring fault. It promises old-age pensions on something like the Townsend plan, financed by a nation-wide sales tax. This bid to the Townsendites was politically injudicious and should not have been made.

The currency plank, when considered together with Gov. Landon's pledge of a currency convertible into gold, can produce serious embarrassment. The plank opposes further devaluation of the dollar, and promises to repeal the President's power to fix the gold content. The British declare that our dollar is still undervalued. If its gold content were permanently fixed, Britain could devalue the pound still further, thus improving her ability to compete with us in foreign markets. Repeal of the President's temporary authority over the currency would deprive the United States of its strategic bargaining power in reaching an international agreement. The President's authority should be continued until an agreement is reached, and then the country should go back to the gold standard and stick to it.

The farm plank is bad. Among other things, it promises not only a continuance of the present benefit

payments under the soil conservation act, but also further benefits under the equalization fee plan, formerly embodied in the two McNary-Haugen bills that President Coolidge vetoed. Such an enlarged program would be worse than the present one. The tariff plank, with its opposition to reciprocal treaties, is equally unwise.

But not all these promises could be fulfilled, and the fundamental conservatism of the Landon Administration could make a world of difference not only in legislative policies but in the administration of laws that have serious defects. On the whole, the platform is as good as could be expected. And the candidate is better than the platform. Nearly all business men will heartily support him in order to avert four more years of deliberate interference and competition with business.

## Cutting Expenses In Transportation

Although Transportation Coordinator Eastman understood clearly that the chances were strongly against a renewal of his office by Congress, he continued in the very last days of his term to issue those interesting reports with which he has stimulated the thought and action of railroad executives. Whether he was right or wrong in particular cases, he did succeed in stirring up intelligent debate on the means of improving American transportation.

One of the most arresting of these reports was issued the other day, when Mr. Eastman presented facts about the transportation of goods in portable containers, and urged the establishment of one or more central agencies to do such transportation over railroads, highways, and water. This report has the merit of attacking the problem from the point of view of the whole transportation job. Shippers have the right to ask that the transportation plant of the country be coordinated for the most efficient service. Goods should be carried with a minimum of rehandling. It is the handling and storing and general overlapping that costs real money. Mr. Eastman's report should inspire honest and thoughtful consideration of ways to avoid this cumbersome multiplicity of processes.

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